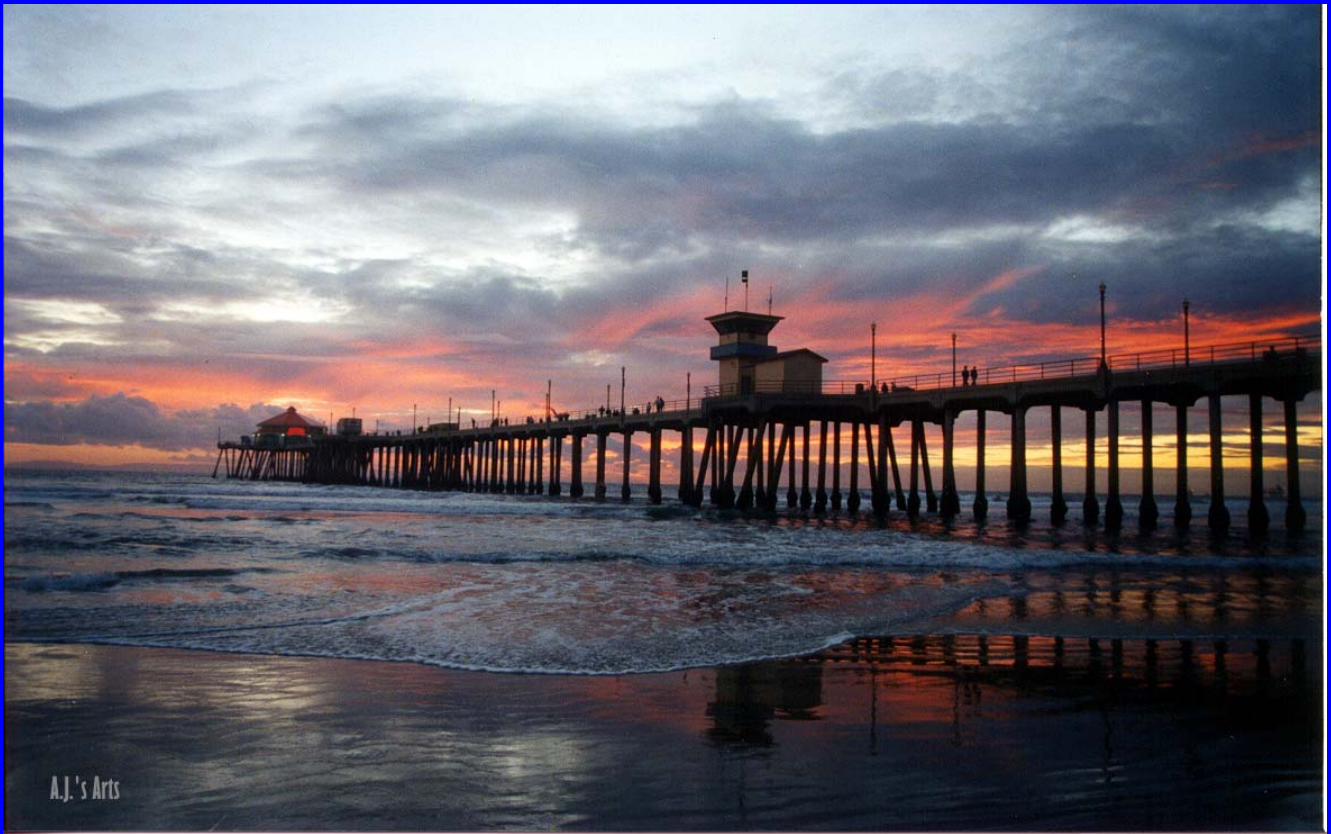


# **CITY OF HUNTINGTON BEACH, CALIFORNIA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the Year Ended September 30, 2005**



# **CITY OF HUNTINGTON BEACH, CALIFORNIA**



## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

**WITH REPORT ON AUDIT BY INDEPENDENT CERTIFIED PUBLIC  
ACCOUNTANTS**

**Prepared by the Finance Department**



## **INTRODUCTORY SECTION**



# TABLE OF CONTENTS

## INTRODUCTORY SECTION

Table of Contents.....	<i>i-ii</i>
Letter of Transmittal .....	<i>iii-vii</i>
City Officials .....	<i>viii</i>
Organizational Chart .....	<i>ix</i>
Certificate of Achievement in Excellence in Financial Reporting .....	<i>x</i>

## FINANCIAL SECTION

Independent Auditors' Report .....	1-2
Management Discussion and Analysis .....	3-13
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Assets .....	14
Statement of Activities and Changes in Net Assets .....	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	16
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets .....	17
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	18-19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Net Assets – Proprietary Funds .....	21
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds .....	22
Statement of Cash Flows – Proprietary Funds .....	23
Statement of Fiduciary Fund Net Assets.....	24
Statement of Changes in Fiduciary Fund Net Assets – Trust Funds .....	24
Notes to Financial Statements .....	25-67
<b>Required Supplemental Information:</b>	
Budgetary Information.....	68
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget And Actual – General Fund.....	69
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget And Actual – Public Financing Authority .....	70
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget And Actual – Redevelopment Agency.....	70
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget And Actual – Grants Fund .....	71
Schedule of Funding Progress (Normal and Supplemental Retirement Plans) .....	72
<b>Supplementary Information:</b>	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	74-77
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances Nonmajor Governmental Funds .....	78-81
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Non Major Governmental Funds.....	82-88
Combining Statement of Net Assets – Nonmajor Enterprise Funds .....	90
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Nonmajor Enterprise Funds .....	91

Combining Statement of Cash Flows – Nonmajor Enterprise Funds .....	92
Combining Statement of Fiduciary Fund Net Assets .....	94

## STATISTICAL SECTION

Net Assets by Component .....	96
Change in Net Assets- Last Four Fiscal Years .....	96-97
Fund Balances – Governmental Funds – Last Ten Fiscal Years.....	98
Changes in Fund Balances – Last Ten Fiscal Years .....	99-100
Assessed and Actual Valuation of All Taxable Property .....	101
Property Tax Rates – All Direct and Overlapping Government .....	101
Property Tax Levies and Collections – Last Ten Fiscal Years.....	102
Ratios of Outstanding Debt by Type – Last Ten Fiscal Years .....	103
Legal Debt Margin – Last Ten Fiscal Years .....	104
Principal and Private Employers – Current Year and One Year Ago.....	104
Full-Time Budgeted City Employees by Program/Function .....	105
Operating Indicators by Function/Activity.....	105
Capital Assets Statistics by Function/Activity.....	105
Statement of Direct and Overlapping Bonded Debt.....	106





# CITY OF HUNTINGTON BEACH

March 1, 2006

**To the Honorable Mayor and City Council  
City of Huntington Beach  
Huntington Beach, California**

The Charter of the City of Huntington Beach requires that the City's financial statements be audited each year by an independent accounting firm. This report fulfills that requirement for the fiscal year ending September 30, 2005.

Management assumes full responsibility for the completeness and reliability of the information in this report, based upon a comprehensive framework of internal control established for this purpose. Because the cost of any control should not exceed the anticipated benefits, management's objective is to provide reasonable, but not absolute, assurance that the financial statements are free of any material misstatements.

Caporicci and Larson, CPAs, a firm of licensed, independent certified public accountants, has audited the City's financial statements for the year ending September 30, 2005. The auditors' report is located at the front of the financial statement. The City received an unqualified (clean) opinion. The goal of the audit is to provide reasonable assurance that the financial statements of the City of Huntington Beach are free of material misstatement. This independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management. The independent auditor concluded that there was a reasonable basis for rendering an unqualified (clean) opinion that the financial statements of the City of Huntington Beach for the fiscal year ending September 30, 2005 are presented fairly in accordance with generally accepted accounting principles. The opinion is presented as the first component of the financial section of this report.

This audit was part of a broader, federally mandated "Single Audit" designed to meet the needs of federal granting agencies. The standards governing these engagements require the auditor to report not only on the fair presentation of the financial statements, but also on the City's internal controls and compliance with legal issues, especially concerning federal awards. These reports are available from the City's Finance Department.

Management's discussion and analysis (MD & A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the financial statements. MD & A complements this letter and should be read in conjunction with it.

## **ABOUT THE CITY OF HUNTINGTON BEACH**

The City of Huntington Beach is located along the Southern California coast in Orange County, 35 miles south of Los Angeles and 90 miles north of San Diego. With a population of approximately 200,000 residents, it is known as Surf City due to its abundance of beaches; sunny, warm Mediterranean climate; and casual lifestyle. Huntington Beach covers 28 square miles of land, 26 square miles of water, and is the one of the 20 largest cities in California. With 8.5 miles of

uninterrupted beach along the Pacific Ocean, the city also plays host to an annual visitor population of over 11 million people, especially during the summer, special events and weekends. Listed among the nation's safest cities for decades, Huntington Beach has often been ranked among the Top Ten Safest Cities by City Crime Rankings.

The City of Huntington Beach is a full service city. Founded in the late 1880s, Huntington Beach was incorporated as a Charter City in 1909. Huntington Beach has a City Council/City Administrator form of government. The City Council has seven members, each of whom are elected to four-year terms. City Council Members are limited to two consecutive terms. There are three elected department heads, the City Attorney, City Clerk and City Treasurer. The position of Mayor is filled on a rotating basis. Other departments include the City Administrator's Office, Building and Safety, Community Services, Economic Development, Finance, Fire, Information Services, Library Services, Planning, Police, and Public Works

This report includes the financial activity of separate legal entities whose activities the City controls. These entities are:

- Redevelopment Agency of the City of Huntington Beach
- Huntington Beach Public Financing Authority
- Huntington Beach Civic Improvement Corporation
- Various community facilities districts
- Reservoir Hill Assessment District
- Huntington Beach Auto Business Improvement District

A component unit report (stand-alone report) is available for the Redevelopment Agency.

The City operates on a fiscal year basis, beginning October 1<sup>st</sup> and ending September 30<sup>th</sup>. The budget is prepared under the supervision of the City Administrator and transmitted to the City Council for deliberation sixty days prior to the end of the fiscal year. The City Council adopts the annual budget by September 30<sup>th</sup> of the prior fiscal year and may amend it or revise it at any time at a properly noticed meeting. Budgetary control is at the department level within each fund. A Department Head, with the Finance Director's approval, may transfer funds within like categories (salaries and benefits, operating, and capital expenditures) of the same department. The City Administrator may transfer funds within and between any objects of a fund or department as long as the total fund budget is not changed.

## **LOCAL ECONOMY**

The City of Huntington Beach is one of the leading commercial and industrial centers in Southern California. The City works diligently to maintain its business friendly atmosphere, working closely with the Huntington Beach Chamber of Commerce and the Huntington Beach Conference and Visitors Bureau. The City seeks to attract new businesses and support existing business through retention and expansion efforts. Benefits from tourism and continued modest economic growth should allow for sustainable revenue growth for the City.

As the third largest city in Orange County, more than 60,000 people are currently employed by over 12,800 businesses in the City. Huntington Beach residents represent nearly 10% of the entire Orange County working population. Huntington Beach businesses include aerospace and high technology; petroleum and petroleum support; manufacturing; computer hardware and software;

financial and business services; automobile services; machine shop services, precision instruments, retailers and surf apparel, just to name a few.

### **LONG-TERM FINANCIAL PLANNING**

In November 2004 California voters approved Proposition 1A, which will help stabilize the flow of revenues to municipalities and end future State raids on City finances. This will allow for better forecasting of City revenues and, along with modest economic growth, should allow for future sustainable revenue growth. The City has made infrastructure improvements a major policy initiative.

### **MAJOR INITIATIVES**

Through its Strategic Plan, the Huntington Beach City Council seeks to assure a high quality of life endures and improves as the City ages. The Strategic Plan was first created in July 2001 as a way to help the City Council assess the effects of today's decisions on the City's future quality of life. As a blueprint for the City's future, the Strategic Plan defines the City Council's goals and objectives. The following are the City Council's strategic goals set forth in the City's development of the annual budget:

- Public Safety - Maintain a healthy and safe community
- Fiscal Integrity - Establish a sound financial foundation for the City's finances
- Infrastructure and Transportation - Assure the long-term adequacy of the City's infrastructure, facilities, and transportation network.
- Economic Development - Achieve development that maintains and improves the city's fiscal viability and reflects economic demands while maintaining and improving quality of life for current and future residents
- Organizational Development and Technology - Maintain and continually improve organizational effectiveness.
- Community Livability and Sustainability – Build and maintain a sense of place and an exceptional quality of life within a sustainable urban environment.
- Enrichment, Communication and Involvement - Ensure that Huntington Beach's local government is open, accessible, responsive, nurturing, and respectful to all the citizens it serves.
- Environment and Natural Resources – Enhance the community's environmental quality and its unique natural resources.

The City is in the process of revising its Strategic Plan. This should be completed during the 2005-06 fiscal year.

### **CASH MANAGEMENT POLICES AND PRACTICES**

The elected City Treasurer invests surplus cash in authorized investments allowed by the government code and City policy. The City adopts an annual Investment Policy intended to provide guidelines for the prudent investment of the city's cash balances, and outlines the policies to assist in maximizing the efficiency of the city's cash management system while meeting the daily cash flow demands of the city. Both the Investment Advisory Board and the City Council approved the City's Investment Policy.

The investment practices and policies of the City of Huntington Beach are based upon state law and prudent money management. The primary goals of these practices are:

- To assure compliance with all Federal, State, and local laws governing the investment of public funds under the control of the City Treasurer.
- To protect the principal moneys entrusted to the City Treasurer.
- Achieve a reasonable rate of return within the parameters of prudent risk management while minimizing the potential for capital losses arising from market changes or issuer default.

The City forecasts revenues and expenditures to meet current obligations and to earn a market rate of return on its investments. The City Treasurer earned a return of 2.97% for the year. The California Government Code requires the City Treasurer to prepare an annual statement of investment policy. The City Treasurer complied with this law. Note 3 to the General Purpose Financial Statements shows further information on the City's cash and investments.

## **PENSION AND OTHER POSTEMPLOYMENT BENEFITS**

The City of Huntington Beach is a member of the California Public Employees' Retirement System (CALPERS) that provides benefits to all permanent employees. The City also maintains a retirement supplemental plan to employees hired before 1999 (specific dates vary by employee bargaining association). There are also certain post-retirement medical benefits available to retirees. This information is detailed in notes 5,6, and 7 of the accompanying financial statements. Below is summary information:

	Percent Funded	Unfunded Liability (in millions)
Retirement – Normal Plan	90%	\$56.9
Retirement – Supplemental	35%	26.6
Post-Employment Benefits	42%	6.7

The City has adopted actuarially sound funding plans to pay off the unfunded liabilities according to studies conducted by CALPERS and independent actuaries. The City will implement Government Accounting Standards Board Statement 45 (Other Post-Employment Benefits) for the fiscal year ending September 30, 2006. The City has made contributions to this plan since its inception in 1991, but GASB 45 will require that the City contribute additional amounts than have been contributed in past years. Options for this funding will be addressed during the next year.

## **Risk Management**

The City is self-insured for workers compensation and liability. These programs are recorded in the general fund. The City is a member of the Big Independent Cities Excess Insurance Pool (BICEP) to handle large claims. Further information on the City's risk management issues can be found in note 8 of the financial statements.

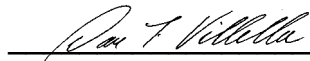
## **AWARDS AND ACKNOWLEDGEMENTS:**

The Governmental Finance Officers Association (GFOA) of the United States and Canada awarded the Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report ended September 30, 2004. This was the eighteenth consecutive year the City has received this prestigious award. To qualify for the Certificate of Achievement, the government entity must publish an easily readable and efficiently organized

Comprehensive Annual Financial Report, the contents of which conform to program standards. Such report must satisfy both generally accepted accounting principles as well as all legal requirements.

The Certificate of Achievement is valid for one year only. The City believes that this Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement Program requirements and will be submitted to GFOA to determine its eligibility for another certificate.

We wish to thank the City Council and the City Departments for responsibly conducting the fiscal affairs of the City of Huntington Beach. We would also like to thank Robert Sedlak, Valaya Chitchakkol, Maria D'Aloisio, Janet Lockhart, and Mavic Hizon of the Finance Department who prepared this report.



---

Dan T. Villella, CPA  
Finance Director

## **CITY COUNCIL 2004/2005**

Dave Sullivan, Mayor  
Gil Coerper, Mayor Pro Tem

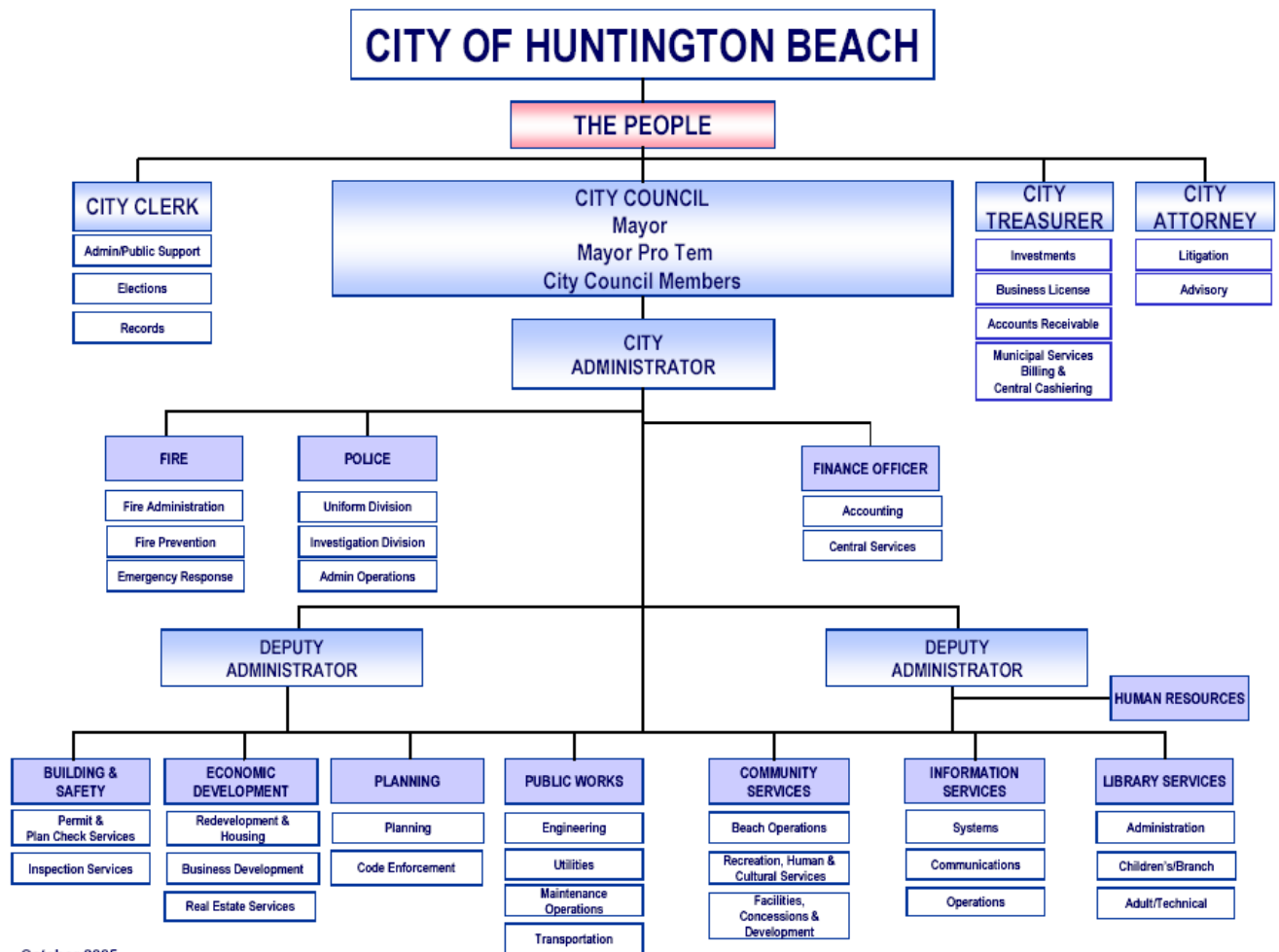
Keith Bohr, Councilmember  
Debbie Cook, Councilmember  
Cathy Green, Councilmember  
Jill Hardy, Councilmember  
Don Hansen, Councilmember

## **City of Huntington Beach Executive Team**

Penelope J. Culbreth-Graft, City Administrator  
Paul Emery, Deputy City Administrator  
Robert Hall, Deputy City Administrator  
Laurie E. Payne, Public Information Officer

## **Department Directors**

Ross D. Cranmer, Building & Safety  
Robert Beardsley, Public Works  
Jim B. Engle, Community Services  
Joan L. Flynn, City Clerk  
Shari L. Freidenrich, City Treasurer  
Ron Hayden, Library  
Jack Marshall, Information Services  
Jennifer M. McGrath, City Attorney  
Duane S. Olson, Fire  
Stanley Smalewicz, Economic Development  
Kenneth Small, Police  
Dan T. Villella, Finance  
Howard S. Zelefsky, Planning



October 2005

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Huntington Beach,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Zielke*

President

*Jeffrey R. Enen*

Executive Director



## **FINANCIAL SECTION**



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Huntington Beach  
Huntington Beach, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Huntington Beach, California (City), as of and for the year ended September 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 17, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Toll Free Ph: (877) 862-2200

Toll Free Fax: (866) 436-0927

**Oakland**  
180 Grand Ave., Suite 1365  
Oakland, California 94612

**Orange County**  
3184-D Airway Avenue  
Costa Mesa, California 92626

**Sacramento**  
777 Campus Commons Rd., Suite 200  
Sacramento, California 95825

**San Diego**  
4858 Mercury, Suite 105  
San Diego, California 92111

To the Honorable Mayor and Members of City Council  
of the City of Huntington Beach  
Huntington Beach, California

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The Supplementary Information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory Section and Statistical Tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
Costa Mesa, California  
February 17, 2006



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2005

As management of the City of Huntington Beach, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Huntington Beach for the fiscal year ended September 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages iii-vii of this report.

### Financial Highlights

Below is a summary of the City's government-wide financial information (in thousands):

	Total Governmental and Business Activities			
	September 30, 2005	September 30, 2004	Amount Increase (Decrease)	Percent Increase (Decrease)
Assets	\$ 936,629	\$ 869,577	\$ 67,052	7.7%
Liabilities	199,563	210,065	(10,502)	-5.0%
Total Net Assets	737,066	659,512	77,554	11.8%
Unrestricted Net Assets	81,789	24,386	57,403	235.4%
Long-Term Obligations	166,343	170,862	(4,519)	-2.6%
Program Revenues	139,638	107,979	31,659	29.3%
Taxes	120,762	106,467	14,295	13.4%
Other General Revenues	34,030	26,347	7,683	29.2%
Expenses	216,876	209,560	7,316	3.5%

- The total assets of the City of Huntington Beach exceeded its liabilities at the close of the most recent fiscal year by \$737,066,000. Of this amount, \$81,789,000 may be used to meet the City's ongoing obligations to citizens and creditors. Net assets increased \$77,554,000 (11.8%), while unrestricted net assets increased by \$57,403,000 (235.4%).
- Long-term liabilities decreased by \$4,519,000 (-2.6%)
- Program revenues increased \$31,659,000 (29.3%). Taxes increased \$14,295,000 (13.4%), while other general revenues increased \$7,683,000 (29.2%). Expenses increased \$7,316,000 (3.5%)

### Overview Of The Financial Statements

This discussion and analysis serve as an introduction to the City of Huntington Beach basic financial statements. The City of Huntington Beach's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains certain other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's financial condition and are prepared similarly to those in the private sector.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, continued increases or decreases in net assets may indicate whether the City's financial condition is improving or deteriorating.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2005

The statement of activities presents information on how the City's net assets changed during the most recent fiscal year. These changes are reported on the accrual basis (when the economic event occurs), not when the cash is received or paid.

The government-wide financial statements separate functions that are primarily supported by taxes and intergovernmental revenues (governmental activities) from functions that are supported by user fees (business activities). Governmental activities include public safety, public works, general government, and community-related activities. Business activities include the Water, Sewer, Refuse, Emerald Cove Housing, Emergency Fire Medical, Hazmat Service, and Ocean View Estates.

The government-wide financial statements include the City and all of its component units that are legally separate but whose activities entirely support the City of Huntington Beach. These entities are, the Redevelopment Agency of the City of Huntington Beach, the Huntington Beach Public Financing Authority, the Huntington Beach Civic Improvement Corporation, and various assessment districts described in Note 2 to the financial statements.

The government-wide financial statements can be found on pages 14-15 of this report.

**Fund Financial Statements.** The City separates financial activities into funds to maintain control over resources that have been legally separated. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for the same functions reported in governmental activities in the government-wide financial statements. However, the focus in the governmental fund section of these financial statements is on near-term resource inflows and outflows available for spending, as well as balances of resources available for spending at the end of the fiscal year.

It is useful to compare information presented for the governmental funds to information presented for governmental activities in the government-wide financial statements. The reconciliation indicates to the reader the differences in financial reporting between the governmental activities section and the governmental funds section.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, Redevelopment Agency, Huntington Beach Public Financing Authority, and Grants, all of which are considered to be major funds. Data from the other 16 funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a combining statement elsewhere in this report.

The City provides an annual appropriated budget for its governmental funds. Budgetary comparison schedules on pages 69-71 demonstrate compliance.



## City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2005

The basic governmental fund financial statements can be found on pages 16 and 18-19 of this report.

**Proprietary Funds.** Proprietary funds, or enterprise funds are used to account for the same activities as the business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Sewer, Refuse, Emerald Cove Housing, Emergency Fire Medical, Hazmat Service, and Ocean View Estates activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statement provides information for Water, Sewer Service, and Refuse Funds, which are considered to be major funds of the City. The remaining proprietary funds noted above are combined into a single, aggregated presentation.

The basic proprietary fund financial statements can be found on pages 21-23 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Huntington Beach's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds

The basic fiduciary fund financial statements can be found on page 24 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-67 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees and General Fund budget to actual comparisons. Required supplementary information can be found on pages 68-72 of this report.

The combining statements referred to earlier in connection with non-major government funds is presented immediately following the required supplementary information on pensions. Combining and individual fund statements and schedules can be found on pages 73-94 of this report.



# **City of Huntington Beach** **Management's Discussion and Analysis** **For the Year Ended September 30, 2005**

## **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. Below is a summary schedule of the City's net assets at September 30, 2005 (in thousands):

### **Governmental Activities**

	September 30, 2005	September 30, 2004	Amount Increase (Decrease)	Percent Increase (Decrease)
Current and Other Assets	\$ 150,476	\$ 126,313	\$ 24,163	19.1%
Capital Assets	601,849	577,305	24,544	4.3%
<b>Total Assets</b>	<b>752,325</b>	<b>703,618</b>	<b>48,707</b>	<b>23.4%</b>
Current Liabilities	40,635	44,213	(3,578)	-8.1%
Long-Term Liabilities	152,340	159,415	(7,075)	-4.4%
<b>Total Liabilities</b>	<b>192,975</b>	<b>203,628</b>	<b>(10,653)</b>	<b>-12.5%</b>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	479,897	448,217	31,680	7.1%
Restricted	39,227	61,051	(21,824)	-35.7%
Unrestricted	40,226	(9,278)	49,504	na
<b>Total Net Assets</b>	<b>\$ 559,350</b>	<b>\$ 499,990</b>	<b>\$ 59,360</b>	<b>11.9%</b>

### **Business Activities**

	September 30, 2005	September 30, 2004	Amount Increase (Decrease)	Percent Increase (Decrease)
Current and Other Assets	\$ 82,124	\$ 72,886	\$ 9,238	12.7%
Capital Assets	102,180	93,073	9,107	9.8%
<b>Total Assets</b>	<b>184,304</b>	<b>165,959</b>	<b>18,345</b>	<b>22.5%</b>
Current Liabilities	5,802	5,739	63	1.1%
Long-Term Obligations	786	698	88	na
<b>Total Liabilities</b>	<b>6,588</b>	<b>6,437</b>	<b>151</b>	<b>2.3%</b>
Net Assets:				
Invested in Capital Assets, Net of Related Debt	102,068	92,890	9,178	9.9%
Restricted	34,085	32,968	1,117	3.4%
Unrestricted	41,563	33,664	7,899	23.5%
<b>Total Net Assets</b>	<b>\$ 177,716</b>	<b>\$ 159,522</b>	<b>\$ 18,194</b>	<b>11.4%</b>

The largest portion of the City's net assets reflects investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the City's net assets is subject to external (legally imposed or statutory) restrictions (\$39,227,000 for governmental activities, and \$34,085,000 for business activities). These amounts represent 7.0% and 19.1% of net assets for governmental activities and business activities respectively. The unrestricted assets (\$40,226,000 for governmental activities and \$41,563,000 for business activities) represent 7.1% and 23.4% of net assets for governmental activities and business activities respectively.



# City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2005

A condensed summary of governmental activities (in thousands) follows:

	Governmental Activities			
	September 30, 2005	September 30, 2004	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Revenues:</b>				
<b>Program Revenues:</b>				
Charges for Current Services	\$ 28,808	\$ 30,419	\$ (1,611)	-5.3%
Operating Grants and Contributions	1,657	6,343	(4,686)	-73.9%
Capital Grants and Contributions	43,341	7,384	35,957	487.0%
<b>Total Program Revenues</b>	<b>73,806</b>	<b>44,146</b>	<b>29,660</b>	<b>67.2%</b>
<b>General Revenues:</b>				
Property Taxes	61,466	47,405	14,061	29.7%
Sales Taxes	24,340	28,273	(3,933)	-13.9%
Utility Taxes	20,004	19,424	580	3.0%
Other Taxes	14,952	11,365	3,587	31.6%
Use of Money and Property	3,137	3,528	(391)	-11.1%
From Other Agencies	8,186	14,406	(6,220)	-43.2%
Participation Payments	12,697	-	12,697	na
Other	8,510	7,328	1,182	16.1%
<b>Total General Revenues</b>	<b>153,292</b>	<b>131,729</b>	<b>21,563</b>	<b>16.4%</b>
<b>Total Revenues</b>	<b>227,098</b>	<b>175,875</b>	<b>51,223</b>	<b>29.1%</b>
<b>Expenses:</b>				
City Council	254	280	(26)	-9.3%
City Administrator	1,990	1,188	802	67.5%
City Treasurer	1,568	1,541	27	1.8%
City Attorney	2,852	2,775	77	2.8%
City Clerk	685	717	(32)	-4.5%
Administrative Services	5,554	6,348	(794)	-12.5%
Finance	2,501	-	2,501	na
Planning	2,559	2,396	163	6.8%
Building	3,321	2,858	463	16.2%
Fire	23,365	20,000	3,365	16.8%
Information Systems	6,806	6,423	383	6.0%
Police	47,029	40,686	6,343	15.6%
Economic Development	4,199	19,372	(15,173)	-78.3%
Community Services	13,693	15,735	(2,042)	-13.0%
Library Services	4,394	4,138	256	6.2%
Public Works	33,018	30,277	2,741	9.1%
Non-Departmental	12,024	4,054	7,970	196.6%
Interest on Long-Term Debt	6,810	6,001	809	13.5%
<b>Total Expenses</b>	<b>172,622</b>	<b>164,789</b>	<b>7,833</b>	<b>4.8%</b>
<b>Increase in Net Assets Before Transfers</b>	<b>54,476</b>	<b>11,086</b>		
Transfers	4,884	6,126		
<b>Net Assets - Beginning of Year</b>	<b>499,990</b>	<b>482,778</b>		
<b>Net Assets - End of Year</b>	<b>\$ 559,350</b>	<b>\$ 499,990</b>		

The cost of all governmental activities this year was \$172,622,000. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities was only \$98,816,000, because some of the cost was paid by those who directly benefited from the programs (\$28,808,000), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$1,657,000), and capital grants and contributions (\$43,341,000). Overall, the City's governmental program revenues were \$73,806,000. The City paid for the remaining "public benefit" portion of governmental activities with \$1,523,292,000 in taxes and general revenue (some of which could only be used for certain programs) and with other revenues, such as interest and general entitlements.

Total resources available during the year to finance governmental operations were \$731,972,000, consisting of net assets at October 1, 2004 of \$499,990,000, program revenues of \$73,806,000, general revenues of \$153,292,000, and transfers of \$4,884,000. Total expenses for governmental





# **City of Huntington Beach** **Management's Discussion and Analysis** **For the Year Ended September 30, 2005**

activities during the year were \$172,622,000, thus, net assets were increased by \$59,360,000, to \$559,350,000.

A condensed summary of business activities (in thousands) follows:

	Business Activities			
	September 30, 2005	September 30, 2004	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Program Revenues:</b>				
Charges for Current Services	\$ 51,803	\$ 53,419	\$ (1,616)	-3.0%
Capital Grants and Contributions	14,029	10,414	3,615	34.7%
<b>Total Program Revenues</b>	<b>65,832</b>	<b>63,833</b>	<b>1,999</b>	<b>3.1%</b>
Use of Money and Property	1,500	1,085	415	38.2%
<b>Total Revenues</b>	<b>67,332</b>	<b>64,918</b>	<b>2,414</b>	<b>3.7%</b>
<b>Expenses:</b>				
Water Utility	22,349	24,643	(2,294)	-9.3%
Emerald Cove Housing	399	409	(10)	-2.4%
Emergency Fire Medical	5,497	5,605	(108)	-1.9%
Refuse Collection	9,826	9,806	20	0.2%
Sewer Service	5,924	4,042	1,882	46.6%
Hazmat Service	141	204	(63)	-30.9%
Ocean View Estates	118	62	56	90.3%
<b>Total Expenses</b>	<b>44,254</b>	<b>44,771</b>	<b>(517)</b>	<b>-1.2%</b>
<b>Increase in Net Assets Before Transfers</b>	<b>23,078</b>	<b>20,147</b>		
Transfers	(4,884)	(6,126)		
<b>Net Assets - Beginning of Year</b>	<b>159,522</b>	<b>145,501</b>		
<b>Net Assets - End of Year</b>	<b>\$ 177,716</b>	<b>\$ 159,522</b>		

The City's net assets from business activities increased by \$23,078,000 before transfers. The largest reasons for this increase were developer contributions of infrastructure of \$5,842,000, and capital contributions for the Water Master Plan of \$6,955,000.

The cost of all Proprietary (Business Type) activities this year was \$44,254,000. As shown in the Statement of Activities and Changes in Net Assets, the amount paid by users of the systems was \$51,803,000, capital grants and contributions were \$14,029,000, other revenue was \$1,500,000, and transfers were \$4,884,000. Beginning net assets were \$159,522,000 and ending net assets were \$177,716,000. Of the ending net asset amount, \$102,068,000, or 57.4%, was invested in capital assets, \$34,085,000 or 19.2% was restricted for expenditures for the Water Master Plan, and \$41,563,000, or 23.4% was unrestricted.



# **City of Huntington Beach** **Management's Discussion and Analysis** **For the Year Ended September 30, 2005**

The City's programs for governmental activities include General Government, Fire, Police, Public Works, Redevelopment, Community Services and Library. Business type activities include the Water, Sewer, Refuse, FireMed, Hazmat Service, and Ocean View Estates. A listing of each program's revenues and expenses for the current year is presented below (in thousands):

	2004-2005			2003-2004
	Expenses	Less Program Revenues	Funded by Taxes and Other General Revenues	Funded by Taxes and Other General Revenues
<b>Governmental Activities:</b>				
City Council	\$ 254	\$ -	\$ 254	\$ 280
City Administrator	1,990	-	1,990	1,142
City Treasurer	1,568	-	1,568	1,541
City Attorney	2,852	-	2,852	2,775
City Clerk	685	(111)	574	717
Administrative Services	5,554	-	5,554	6,348
Finance	2,501	-	2,501	na
Planning	2,559	(1,024)	1,535	993
Building	3,321	(5,068)	(1,747)	(1,655)
Fire	23,365	(1,843)	21,522	18,570
Information Systems	6,806	-	6,806	6,423
Police	47,029	(5,755)	41,274	35,323
Economic Development	4,199	(2,011)	2,188	15,840
Community Services	13,693	(14,411)	(718)	896
Library Services	4,394	(979)	3,415	2,887
Public Works	33,018	(42,604)	(9,586)	20,707
Non-Departmental	12,024	-	12,024	1,855
Interest on Long-Term Debt	6,810	-	6,810	6,000
<b>Total Governmental Activities</b>	<b>\$ 172,622</b>	<b>\$ (73,806)</b>	<b>\$ 98,816</b>	<b>\$ 120,642</b>
<b>Business Activities</b>				
Water Utility	22,349	(40,371)	(18,022)	(15,529)
Emerald Cove Housing	399	(866)	(467)	(371)
Emergency Fire Medical	5,497	(5,725)	(228)	(45)
Refuse Collection	9,826	(9,985)	(159)	(606)
Sewer Service	5,924	(8,512)	(2,588)	(2,332)
Hazmat Service	141	(110)	31	17
Ocean View Estates	118	(263)	(145)	(196)
<b>Total Business Activities</b>	<b>\$ 44,254</b>	<b>\$ (65,832)</b>	<b>\$ (21,578)</b>	<b>\$ (19,062)</b>

## **Financial Analysis Of The City's Governmental Funds**

Below is an analysis of the City's governmental fund activities for the year (in thousands):

	GOVERNMENTAL FUNDS			
	September 30, 2005	September 30, 2004	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Total Fund Equity:</b>				
General Fund	\$ 38,286	\$ 26,332	\$ 11,954	45.4%
Redevelopment Agency	29,107	14,130	14,977	na
Public Financing Authority	7,158	7,509	(351)	-4.7%
Grants	4,283	5,115	(832)	-16.3%
Other Governmental Funds	33,479	29,875	3,604	12.1%
<b>Total Fund Equity</b>	<b>\$ 112,313</b>	<b>\$ 82,961</b>	<b>\$ 29,352</b>	<b>35.4%</b>
<b>Unreserved Fund Equity:</b>				
General Fund	\$ 32,371	24,219	\$ 8,152	33.7%
Other Governmental Funds	38,569	26,486	12,083	45.6%
<b>Total Unreserved Fund Equity</b>	<b>\$ 70,940</b>	<b>\$ 50,705</b>	<b>\$ 20,235</b>	<b>79.3%</b>



# **City of Huntington Beach** **Management's Discussion and Analysis** **For the Year Ended September 30, 2005**

- As of the close of the current fiscal year, the City's governmental fund balances reported combined ending balance of \$112,313,000, an increase of \$29,352 or 35.4%, in comparison to the prior year.
- The total fund balance at year-end for the City's General fund was \$38,286,000, which is an overall increase of \$11,954,000, or 45.4% over last year. The unreserved fund balance was \$32,371,000 or 22.8% of General Fund expenditures.

## **Financial Analysis of the City's Proprietary Funds**

Below is an analysis of the fund equity of the City's proprietary funds (in thousands):

	Enterprise Funds			
	September 30, 2005	September 30, 2004	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Net Assets:</b>				
Water Fund	\$ 128,055	\$ 113,915	\$ 14,140	12.4%
Sewer Fund	35,648	32,826	2,822	8.6%
Refuse Fund	18	(284)	302	-106.3%
Other Enterprise Funds	13,995	13,065	930	7.1%
<b>Total Net Assets</b>	<b>\$ 177,716</b>	<b>\$ 159,522</b>	<b>\$ 18,194</b>	<b>11.4%</b>
<b>Unrestricted Net Assets:</b>				
Water Fund	\$ 22,900	\$ 18,776	\$ 4,124	22.0%
Sewer Fund	12,285	9,877	2,408	24.4%
Refuse Fund	18	(284)	302	-106.3%
Other Enterprise Funds	6,360	5,295	1,065	20.1%
<b>Total Unrestricted Net Assets</b>	<b>\$ 41,563</b>	<b>\$ 33,664</b>	<b>\$ 7,899</b>	<b>23.5%</b>

- Total net assets of the Water Fund increased \$14,140,000 (12.4%), while unrestricted net assets increased \$4,124,000 (22.0%).
- Total net assets of the Sewer Fund increased \$2,822,000 (8.6%) while unrestricted net assets increased by \$2,408,000 (24.4%). The increase in total assets is largely due to additional contributed infrastructure. The increase in net assets is due to funds being accumulated to pay for future capital improvements.
- The unrestricted net assets of the Refuse Fund increased by \$302,000 from a deficit balance of (\$284,000) to \$18,000.
- Total net assets of non-major enterprise funds increased \$930,000 (7.1%) while unrestricted net assets increased \$1,065,000 (20.1%).



# **City of Huntington Beach** **Management's Discussion and Analysis** **For the Year Ended September 30, 2005**

## **Debt Administration**

Below is a schedule of the changes to the City's long-term debt (in thousands).

	Balance October 1, 2004	Additions	Retirements	Balance September 30, 2005
<b>Governmental Activities:</b>				
Certificates of Participation	\$ 16,140	\$ -	\$ (615)	\$ 15,525
Revenue Bonds	60,840	-	(2,810)	58,030
Tax Allocation Bonds	28,305	-	(1,100)	27,205
Judgement Obligation Bonds	12,500	-	(255)	12,245
Claims	11,937	6,092	(3,484)	14,545
Compensated Absences	8,037	3,161	(2,153)	9,045
Pension Obligation	8,409	999	(1,768)	7,640
Loans	18,917	655	(1,823)	17,749
Leases Payable	4,885	447	(1,871)	3,461
<b>Total Long-Term Obligations - Governmental Activities</b>	<b>169,970</b>	<b>11,354</b>	<b>(15,879)</b>	<b>165,445</b>
<b>Business Activities:</b>				
Compensated Absences	710	201	(125)	786
Leases	183	-	(71)	112
<b>Total Long-Term Obligations - Business Activities</b>	<b>893</b>	<b>201</b>	<b>(196)</b>	<b>898</b>
<b>Total Long-Term Obligations</b>	<b>\$ 170,863</b>	<b>\$ 11,555</b>	<b>\$ (16,075)</b>	<b>\$ 166,343</b>

Additional information on the City's long-term debt is shown in note 10 to the financial statements. The City of Huntington Beach is legally restricted to issuing general obligation bonds to 15% of its assessed valuation. Since the City has no general obligation bonds outstanding, the limit does not apply. This is shown on page 104 of the financial statements. The City's total debt for decreased \$4,520,000 or 2.6% from its beginning amount primarily due to debt repayment.

The City continues to maintain excellent credit ratings on all of its debt issues. The following are the latest ratings as determined by Moody's Investors Service and Standard and Poor's.

<u>Debt Instrument</u>	<u>Moody's</u>	<u>S &amp; P</u>
1998 Tax Allocation Refunding Bonds	Aaa	AAA
2000 Lease Revenue Bonds, Series A	Aaa	AAA
2001 Lease Revenue Bonds, Series A	Aaa	AAA
2001 Lease Revenue Bonds, Series B	Aaa	AAA
2002 Tax Allocation Refunding Bonds	Aaa	AAA
2004 Judgment Obligation Bonds	Aa3	AAA
Housing Set-Aside Tax Allocation	Aaa	Not Available



# City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2005

## Capital Assets

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. The City has elected to use the "Basic Approach" as defined by GASB statement 34 for infrastructure reporting. The following infrastructure networks are recorded as capital assets in the government-wide financial statements:

- Storm drain system including pump stations, drainage system and manholes.
- Streets, (including land underneath streets) traffic signals, curbs, gutters, and sidewalks.

Below is a schedule of the City's capital assets, net of accumulated depreciation (in thousands):

	September 30, 2005	September 30, 2004	Amount Increase (Decrease)	Percent Increase (Decrease)
<b>Governmental Activities:</b>				
Land	\$ 334,636	\$ 323,714	\$ 10,922	3.4%
Buildings	99,580	88,815	10,765	12.1%
Machinery and Equipment	18,445	16,816	1,629	9.7%
Construction in Progress	-	12,992	(12,992)	-100.0%
Joint Venture	1,321	1,339	(18)	-1.3%
Infrastructure	147,867	133,629	14,238	10.7%
<b>Total Governmental Activities</b>	<b>601,849</b>	<b>577,305</b>	<b>24,544</b>	<b>4.3%</b>
<b>Business Activities:</b>				
Land	\$ 7,840	\$ 7,840	\$ -	0.0%
Buildings	39,412	30,401	9,011	29.6%
Machinery and Equipment	6,188	6,440	(252)	-3.9%
Construction in Progress	-	8,070	(8,070)	-100.0%
Infrastructure	48,740	40,322	8,418	20.9%
<b>Total Business Activities</b>	<b>102,180</b>	<b>93,073</b>	<b>9,107</b>	<b>9.8%</b>
<b>Total Capital Assets</b>	<b>\$ 704,029</b>	<b>\$ 670,378</b>	<b>\$ 33,651</b>	<b>5.0%</b>

Capital assets from governmental activities increased \$24,544,000 (4.3%) while capital assets from business activities increased \$9,107,000 (9.8%). These increases were largely due to infrastructure additions. Further information on the City's capital assets can be found in note 11 of the financial statements.

## General Fund Budgetary Highlights

Comparing the fiscal year 2004/2005 original budget (or adopted) General Fund (expenditures and transfers) amount of \$162,329,000 to the final budgeted amount of \$161,157,000 shows a net decrease of \$1,172,000. Included in original budget amount is \$2,113,000 of prior year encumbrance carryover into fiscal year 2004/2005. The net decrease is primarily due to cancelled encumbrances from the prior year.

General Fund expenditures were \$12,358,000 less than the final budget. The favorable budget variance is primarily due to lower than expected expenditures.



## **City of Huntington Beach Management's Discussion and Analysis For the Year Ended September 30, 2005**

### **Economic Factors And Next Year's Budgets And Rates**

The key assumptions in the General Fund revenue forecast for fiscal year 2005/2006 are:

- Stabilization of local revenues due to recently passed statewide legislation and court decisions
- Modest, consistent general economic growth with emphasis on improving the sales tax and transient occupancy tax base
- Strong growth in property tax revenues
- Establish and maintain proper cost allocations to enterprise funds
- Maintain appropriate fee schedules for allowable cost recovery.

### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Finance Department at 2000 Main Street, Huntington Beach, California, 92648, phone (714) 536-5360 or e-mail [cgonzales@surfcity-hb.org](mailto:cgonzales@surfcity-hb.org). You can also visit the City's website at [www.surfcity-hb.org](http://www.surfcity-hb.org) for additional copies of this report.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2005**  
(In Thousands)

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS:</b>			
Cash and Investments	\$ 22,209	\$ 39,957	\$ 62,166
Receivables	26,852	6,999	33,851
Inventories	-	1,207	1,207
Other Assets	13,124	-	13,124
<b>Subtotal</b>	<b>62,185</b>	<b>48,163</b>	<b>110,348</b>
Restricted Assets:			
Cash and Investments	58,075	33,961	92,036
Cash with Fiscal Agent	12,244	-	12,244
Receivables	15,137	-	15,137
Land Held for Resale	2,835	-	2,835
<b>Total Restricted Assets</b>	<b>88,291</b>	<b>33,961</b>	<b>122,252</b>
Capital Assets :			
Non-Depreciable	335,957	7,840	343,797
Depreciable	265,892	94,340	360,232
<b>Total Capital Assets</b>	<b>601,849</b>	<b>102,180</b>	<b>704,029</b>
<b>TOTAL ASSETS</b>	<b>752,325</b>	<b>184,304</b>	<b>936,629</b>
<b>LIABILITIES:</b>			
Accounts Payable	3,116	3,327	6,443
Accrued Payroll	2,297	201	2,498
Deposits	1,834	2,162	3,996
Claims Payable	5,944	-	5,944
<b>Subtotal</b>	<b>13,191</b>	<b>5,690</b>	<b>18,881</b>
Liabilities Payable from Restricted Assets:			
Accounts Payable	1,444	-	1,444
Accrued Interest Payable	1,572	-	1,572
Deferred Revenue	8,379	-	8,379
Deposits	2,944	-	2,944
<b>Total Liabilities Payable from Restricted Assets</b>	<b>14,339</b>	<b>-</b>	<b>14,340</b>
Long-Term Obligations:			
Current Liabilities Payable from Restricted Assets			
Long-Term Obligations Due Within One Year	13,105	112	13,217
Long-Term Obligations Due in More than One Year	152,340	786	153,126
<b>Total Long-Term Obligations</b>	<b>165,445</b>	<b>898</b>	<b>166,343</b>
<b>TOTAL LIABILITIES</b>	<b>192,975</b>	<b>6,588</b>	<b>199,563</b>
<b>NET ASSETS:</b>			
<b>Investment in Capital Assets, Net of Related Debt</b>	<b>479,897</b>	<b>102,068</b>	<b>581,965</b>
Restricted for:			
Debt Service	10,993	-	10,993
Capital Projects	16,428	-	16,428
Other Purposes	11,806	34,085	45,891
<b>Total Restricted Net Assets</b>	<b>39,227</b>	<b>34,085</b>	<b>73,312</b>
<b>Unrestricted</b>	<b>40,226</b>	<b>41,563</b>	<b>81,789</b>
<b>TOTAL NET ASSETS</b>	<b>\$ 559,350</b>	<b>\$ 177,716</b>	<b>\$ 737,066</b>

*See independent auditors' report and notes to the financial statements*



**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
(In Thousands)

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Charges for Current Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Expenses</b>						
<b>Functions/Programs</b>						
<b>Governmental Activities:</b>						
City Council	\$ 254	\$ -	\$ -	\$ (254)	\$ -	\$ (254)
City Administrator	1,990	-	-	(1,990)	-	(1,990)
City Treasurer	1,568	-	-	(1,568)	-	(1,568)
City Attorney	2,852	-	-	(2,852)	-	(2,852)
City Clerk	685	111	-	(574)	-	(574)
Administrative Services	5,554	-	-	(5,554)	-	(5,554)
Finance	2,501	-	-	(2,501)	-	(2,501)
Planning	2,559	1,024	-	(1,535)	-	(1,535)
Building	3,321	5,068	-	1,747	-	1,747
Fire	23,365	1,095	748	(21,522)	-	(21,522)
Information Systems	6,806	-	-	(6,806)	-	(6,806)
Police	47,029	5,254	501	(41,274)	-	(41,274)
Economic Development	4,199	385	-	(2,188)	-	(2,188)
Community Services	13,693	13,376	130	718	-	718
Library Services	4,394	714	265	(3,415)	-	(3,415)
Public Works	33,018	1,781	13	9,586	-	9,586
Non-Departmental	12,024	-	-	(12,024)	-	(12,024)
Interest on Long-Term Debt	6,810	-	-	(6,810)	-	(6,810)
Total Governmental Activities	<b>172,622</b>	<b>28,808</b>	<b>1,657</b>	<b>(98,816)</b>	<b>-</b>	<b>(98,816)</b>
<b>Business-type Activities:</b>						
Water Utility	22,349	27,574	-	-	18,022	18,022
Sewer Service	5,924	7,280	-	-	2,588	2,588
Refuse Collection	9,826	9,985	-	-	159	159
Emerald Cove Housing	399	866	-	-	467	467
Emergency Fire Medical	5,497	5,725	-	-	228	228
Hazmat Service	141	110	-	-	(31)	(31)
Ocean View Estates	118	263	-	-	145	145
Total Business Type Activities	<b>44,254</b>	<b>51,803</b>	<b>-</b>	<b>-</b>	<b>21,578</b>	<b>21,578</b>
<b>Total Business and Government Type Activities</b>	<b>\$ 216,876</b>	<b>\$ 80,611</b>	<b>\$ 1,657</b>	<b>\$ 57,370</b>	<b>(98,816)</b>	<b>21,578</b>
						<b>(77,238)</b>
<b>General Revenues:</b>						
<b>Taxes:</b>						
Property Taxes				61,466	-	61,466
Sales Taxes				24,340	-	24,340
Utility Taxes				20,004	-	20,004
Other Taxes				14,952	-	14,952
Total Taxes				<b>120,762</b>	<b>-</b>	<b>120,762</b>
<b>Other General Revenue:</b>						
Use of Money and Property				3,137	1,500	4,637
From Other Agencies				8,186	-	8,186
Participation Payments				12,697	-	12,697
Other				8,510	-	8,510
Total Other General Revenue				<b>32,530</b>	<b>1,500</b>	<b>34,030</b>
Transfers				4,884	(4,884)	-
Total General Revenues and Transfers				<b>158,176</b>	<b>(3,384)</b>	<b>154,792</b>
Change in Net Assets				<b>59,360</b>	<b>18,194</b>	<b>77,554</b>
Net Assets - Beginning of Year				<b>499,990</b>	<b>159,522</b>	<b>659,512</b>
Net Assets - End of Year				<b>\$ 559,350</b>	<b>\$ 177,716</b>	<b>\$ 737,066</b>

See independent auditors' report and notes to the financial statements

CITY OF HUNTINGTON BEACH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2005  
(In Thousands)

	Other Major Governmental Funds				Total Major Governmental Funds	Other Governmental Funds	Total
	General Fund	Redevelopment Agency	Public Financing Authority	Grants			
<b>ASSETS:</b>							
Cash and Investments	\$ 22,029	\$ 22,208	\$ -	\$ 3,766	\$ 48,003	\$ 32,281	\$ 80,284
Cash and Investments with Fiscal Agent	239	2,457	7,072	-	9,768	2,476	12,244
Taxes Receivable	22,735	2,272	-	-	25,007	-	25,007
Other Receivables	4,120	6,842	88	4,423	15,473	1,509	16,982
Due from Other Funds	-	-	-	-	-	863	863
Advances to Other Funds	1,836	-	-	-	1,836	-	1,836
Land Held for Resale	-	2,835	-	-	2,835	-	2,835
Other Assets	-	-	-	-	-	1,294	1,294
Prepaid Expenses	11,830	-	-	-	11,830	-	11,830
<b>TOTAL ASSETS</b>	<b>\$ 62,789</b>	<b>\$ 36,614</b>	<b>\$ 7,160</b>	<b>\$ 8,189</b>	<b>\$ 114,752</b>	<b>\$ 38,423</b>	<b>\$ 153,175</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 3,116	\$ 70	\$ 2	\$ 455	\$ 3,643	\$ 917	\$ 4,560
Accrued Payroll	2,245	3	-	15	2,263	34	2,297
Due to Other Funds	-	-	-	-	-	863	863
Advances from Other Funds	-	-	-	-	-	1,836	1,836
Deposits Payable	1,834	1,650	-	-	3,484	1,294	4,778
Deferred Revenue	11,364	5,784	-	3,436	20,584	-	20,584
Claims Payable	5,944	-	-	-	5,944	-	5,944
<b>TOTAL LIABILITIES</b>	<b>24,503</b>	<b>7,507</b>	<b>2</b>	<b>3,906</b>	<b>35,918</b>	<b>4,944</b>	<b>40,862</b>
<b>FUND BALANCES</b>							
Reserved for:							
Encumbrances	4,079	79	-	615	4,773	10,754	15,527
Long-Term Receivables	1,836	1,247	-	-	3,083	-	3,083
Debt Service Funds	-	-	7,158	-	7,158	-	7,158
Capital Projects	-	12,770	-	-	12,770	-	12,770
Land Held for Resale	-	2,835	-	-	2,835	-	2,835
<b>Total Reserved Fund Balance</b>	<b>5,915</b>	<b>16,931</b>	<b>7,158</b>	<b>615</b>	<b>30,619</b>	<b>10,754</b>	<b>41,373</b>
Unreserved, Designated:							
Designated for Future Expenditure (Reported in):	2,995	12,176	-	3,668	18,839	-	18,839
Special Revenue Funds	-	-	-	-	-	9,845	9,845
Debt Service Funds	-	-	-	-	-	81	81
Capital Projects Funds	-	-	-	-	-	153	153
Other Designations:							
Equipment Replacement	4,287	-	-	-	4,287	-	4,287
Capital Projects	6,121	-	-	-	6,121	-	6,121
Second Tier	3,532	-	-	-	3,532	-	3,532
Economic Uncertainties	11,469	-	-	-	11,469	-	11,469
Unreserved, Undesignated (Reported in):							
General Fund	3,967	-	-	-	3,967	-	3,967
Special Revenue Funds	-	-	-	-	-	7,988	7,988
Debt Service Funds	-	-	-	-	-	3,835	3,835
Capital Projects Funds	-	-	-	-	-	823	823
<b>Total Unreserved</b>	<b>32,371</b>	<b>12,176</b>	<b>-</b>	<b>3,668</b>	<b>48,215</b>	<b>22,725</b>	<b>70,940</b>
<b>TOTAL FUND BALANCES</b>	<b>38,286</b>	<b>29,107</b>	<b>7,158</b>	<b>4,283</b>	<b>78,834</b>	<b>33,479</b>	<b>112,313</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>							
<b>BALANCES</b>	<b>\$ 62,789</b>	<b>\$ 36,614</b>	<b>\$ 7,160</b>	<b>\$ 8,189</b>	<b>\$ 114,752</b>	<b>\$ 38,423</b>	<b>\$ 153,175</b>

See independent auditors' report and notes to the financial statements

**CITY OF HUNTINGTON BEACH  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2005  
(In Thousands)**

**Amounts reported for governmental activities in the statement of net assets are different because:**

Total Fund Balances Governmental Funds	\$ 112,313
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	601,849
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	12,205
Accrued Interest Payable not Recorded in Liabilities	(1,572)
Long-term Liabilities, including bonds and certificates of participation payable are due and payable and therefore are not reported in the funds.	(165,445)
<b>Net Assets of Governmental Activities</b>	<b><u>\$ 559,350</u></b>

CITY OF HUNTINGTON BEACH  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)

	Other Major Governmental Funds			
	General Fund	Redevelopment Agency	Public Financing Authority	Grants
<b>REVENUES</b>				
Property Taxes	\$ 48,119	\$ 11,597	\$ -	\$ -
Sales Taxes	22,122	-	-	-
Utility Taxes	20,004	-	-	-
Other Taxes	13,088	-	-	-
Licenses and Permits	7,432	-	-	-
Fines and Forfeitures	4,365	-	-	-
From Use of Money and Property	9,736	817	434	553
From Other Agencies	9,672	94	-	5,649
Charges for Current Service	7,419	-	-	-
Other	7,416	14,227	-	14
<b>TOTAL REVENUES</b>	<b>149,353</b>	<b>26,735</b>	<b>434</b>	<b>6,216</b>
<b>EXPENDITURES</b>				
Current:				
City Council	254	-	-	-
City Administrator	1,582	-	-	-
City Treasurer	1,547	-	-	-
City Attorney	2,771	77	-	-
City Clerk	679	-	-	-
Administrative Services	5,731	-	-	-
Finance	2,501	-	-	-
Planning	2,408	-	-	145
Building	3,291	-	-	-
Fire	22,022	-	-	343
Information Services	5,726	-	-	-
Police	45,466	-	-	247
Economic Development	776	1,143	-	947
Community Services	11,030	-	-	322
Library Services	2,707	-	-	144
Public Works	19,124	-	-	169
Non-Departmental	12,145	782	-	-
Capital Outlay	-	1,326	-	3,536
Debt Service:				
Principal	2,053	2,612	3,425	90
Interest	194	1,647	3,558	170
<b>TOTAL EXPENDITURES</b>	<b>142,002</b>	<b>7,557</b>	<b>6,983</b>	<b>6,113</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>7,351</b>	<b>19,148</b>	<b>(6,549)</b>	<b>103</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	11,873	270	6,191	283
Proceeds of Long-Term Debt	342	655	-	105
Transfers Out	(7,612)	(5,096)	-	(1,323)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,603</b>	<b>(4,171)</b>	<b>6,191</b>	<b>(935)</b>
<b>INCREASE (DECREASE) IN FUND BALANCES</b>	<b>11,954</b>	<b>14,977</b>	<b>(358)</b>	<b>(832)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>26,332</b>	<b>14,130</b>	<b>7,516</b>	<b>5,115</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 38,286</b>	<b>\$ 29,107</b>	<b>\$ 7,158</b>	<b>\$ 4,283</b>

Total Major Governmental Funds	Other Governmental Funds	Total
\$ 59,716	\$ -	\$ 59,716
22,122	2,218	24,340
20,004	-	20,004
13,068	-	13,068
7,432	25	7,457
4,365	-	4,365
11,540	1,193	12,733
15,415	4,764	20,179
7,419	3,951	11,370
21,657	923	22,580
<b>182,738</b>	<b>13,074</b>	<b>195,812</b>

254	-	254
1,582	335	1,917
1,547	-	1,547
2,848	-	2,848
679	-	679
5,731	-	5,731
2,501	-	2,501
2,548	-	2,548
3,291	-	3,291
22,365	-	22,365
5,726	-	5,726
45,713	65	45,778
2,866	-	2,866
11,352	969	12,321
2,851	1,118	3,969
19,293	2,242	21,535
12,927	112	13,039
4,862	4,203	9,065
8,180	294	8,474
5,569	430	5,999
<b>162,685</b>	<b>9,768</b>	<b>172,453</b>

<b>20,053</b>	<b>3,306</b>	<b>23,359</b>
18,617	2,273	20,890
1,102	-	1,102
(14,031)	(1,975)	(16,006)
<b>5,688</b>	<b>298</b>	<b>5,986</b>
<b>25,741</b>	<b>3,604</b>	<b>29,345</b>
<b>53,093</b>	<b>29,875</b>	<b>82,968</b>
<b>\$ 78,834</b>	<b>\$ 33,479</b>	<b>\$ 112,313</b>

**CITY OF HUNTINGTON BEACH**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
(In Thousands)

<b>Net Changes in Fund Balances - Total Governmental funds</b>	<b>\$ 29,345</b>
--	------------------

**Amounts reported for governmental activities in the Statement of Activities are different because:**

<b>CAPITAL EXPENDITURES</b> - Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.	1,880
---	-------

<b>DONATED ASSETS</b> - Infrastructure and other capital assets donated from developers and other sources that increased the City's capital assets.	33,469
---	--------

<b>DEPRECIATION EXPENSE</b> - Depreciation is not reported in the governmental funds. However, it is recorded in the Statement of Activities.	(9,747)
---	---------

<b>ACCRUAL OF REVENUES</b> - Certain revenues in the Statement of Activities do not meet the "availability" criteria for revenue recognition in the governmental funds and are not reported in the governmental funds as revenue.	1,750
---	-------

<b>LIABILITIES NOT LIQUIDATED WITH CURRENT RESOURCES</b> - Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(4,709)
--	---------

<b>LONG-TERM DEBT PROCEEDS</b> - Issuances and changes in long-term debt (bonds, leases, certificates of participation, compensated absences, etc) provide current financial resources to governmental funds, while repayments of this debt consumes the current financial resources of governmental funds. These transactions, however, have no effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, etc. when debt is first issued. These amounts are deferred and amortized in the Statement of Activities.	(1,102)
--	---------

<b>PAYMENTS OF LONG-TERM DEBT</b> - Principal payments on long-term debt are recorded as an expenditure in the governmental funds and a reduction of liability in the government-wide statements.	8,474
---	-------

<b>Change in Net Assets of Governmental Activities</b>	\$ 59,360
--	-----------

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2005**  
(In Thousands)

	Water Fund	Sewer Service Fund	Refuse Fund	Total Major Enterprise Funds	Non-Major Enterprise Funds	Total
<b>ASSETS</b>						
<b>Current Assets:</b>						
Cash and Investments	\$ 22,186	\$ 12,171	\$ -	\$ 34,357	\$ 5,600	\$ 39,957
Restricted Cash	33,961	-	-	33,961	-	33,961
Other Receivables	2,512	474	606	3,592	1,213	4,805
Inventories	1,207	-	-	1,207	-	1,207
Unbilled Receivable	1,513	260	421	2,194	-	2,194
Due from Other Funds	211	-	-	211	-	211
<b>Total Current Assets</b>	<b>61,590</b>	<b>12,905</b>	<b>1,027</b>	<b>75,522</b>	<b>6,813</b>	<b>82,335</b>
<b>Capital Assets:</b>						
Land	3,907	-	-	3,907	3,933	7,840
Buildings and Improvements	39,743	3,708	-	43,451	4,662	48,113
Machinery and Equipment	8,862	218	-	9,080	1,154	10,234
Infrastructure	61,589	38,651	-	100,240	-	100,240
Less Accumulated Depreciation	(42,919)	(19,214)	-	(62,133)	(2,114)	(64,247)
<b>Total Capital Assets</b>	<b>71,182</b>	<b>23,363</b>	<b>-</b>	<b>94,545</b>	<b>7,635</b>	<b>102,180</b>
<b>TOTAL ASSETS</b>	<b>132,772</b>	<b>36,268</b>	<b>1,027</b>	<b>170,067</b>	<b>14,448</b>	<b>184,515</b>
<b>LIABILITIES</b>						
<b>Current Liabilities:</b>						
Accounts Payable	1,891	406	796	3,093	234	3,327
Accrued Payroll	115	30	-	145	56	201
Due to Other Funds	-	-	211	211	-	211
Deposits Payable	2,091	-	2	2,093	69	2,162
Current Portion of Compensated Absences	105	38	-	143	19	162
Current Portion of Claims and Leases	112	-	-	112	-	112
<b>Total Current Liabilities</b>	<b>4,314</b>	<b>474</b>	<b>1,009</b>	<b>5,797</b>	<b>378</b>	<b>6,175</b>
<b>Liabilities Payable from Restricted Assets</b>						
<b>Non-Current Liabilities:</b>						
Compensated Absences	403	146	-	549	75	624
Capital Leases	112	-	-	112	-	112
Less Current Portion of Claims and Leases	(112)	-	-	(112)	-	(112)
<b>Total Non-Current Liabilities</b>	<b>403</b>	<b>146</b>	<b>-</b>	<b>549</b>	<b>75</b>	<b>624</b>
<b>TOTAL LIABILITIES</b>	<b>4,717</b>	<b>620</b>	<b>1,009</b>	<b>6,346</b>	<b>453</b>	<b>6,799</b>
<b>NET ASSETS</b>						
Invested in Capital Assets, Net of Related Debt	71,070	23,363	-	94,433	7,635	102,068
Restricted for:						
Other Purposes	34,085	-	-	34,085	-	34,085
Unrestricted	22,900	12,285	18	35,203	6,360	41,563
<b>TOTAL NET ASSETS</b>	<b>\$ 128,055</b>	<b>\$ 35,648</b>	<b>\$ 18</b>	<b>\$ 163,721</b>	<b>\$ 13,995</b>	<b>\$ 177,716</b>

*See independent auditors' report and notes to the financial statements*

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005**  
(In Thousands)

	Water Fund	Sewer Service Fund	Refuse Fund	Total Major Enterprise Funds	Non-Major Enterprise Funds	Total
<b>OPERATING REVENUES:</b>						
Sales	\$ 27,574	\$ -	\$ -	\$ 27,574	\$ -	\$ 27,574
Rentals	-	-	-	-	1,129	1,129
Fees for Service	-	6,335	9,941	16,276	5,835	22,111
Other	-	945	44	989	-	989
<b>TOTAL OPERATING REVENUES</b>	<b>27,574</b>	<b>7,280</b>	<b>9,985</b>	<b>44,839</b>	<b>6,964</b>	<b>51,803</b>
<b>OPERATING EXPENSES:</b>						
Water Purchases	8,684	-	-	8,684	-	8,684
Supplies and Operations	4,445	5,126	9,826	19,397	5,844	25,241
Engineering	1,300	-	-	1,300	-	1,300
Production and Distribution	4,715	-	-	4,715	-	4,715
Water Meters	1,128	-	-	1,128	-	1,128
Water Quality	295	-	-	295	-	295
Depreciation	1,782	798	-	2,580	311	2,891
<b>TOTAL OPERATING EXPENSES</b>	<b>22,349</b>	<b>5,924</b>	<b>9,826</b>	<b>38,099</b>	<b>6,155</b>	<b>44,254</b>
<b>OPERATING INCOME (LOSS)</b>	<b>5,225</b>	<b>1,356</b>	<b>159</b>	<b>6,740</b>	<b>809</b>	<b>7,549</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>						
Interest Income	1,157	234	-	1,391	109	1,500
Capital Improvement Fees	6,955	-	-	6,955	-	6,955
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>8,112</b>	<b>234</b>	<b>-</b>	<b>8,346</b>	<b>109</b>	<b>8,455</b>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS:</b>	<b>13,337</b>	<b>1,590</b>	<b>159</b>	<b>15,086</b>	<b>918</b>	<b>16,004</b>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS:</b>						
Transfers In	-	-	143	143	489	632
Transfers Out	(5,039)	-	-	(5,039)	(477)	(5,516)
Capital Contributions	5,842	1,232	-	7,074	-	7,074
<b>TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>803</b>	<b>1,232</b>	<b>143</b>	<b>2,178</b>	<b>12</b>	<b>2,190</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>14,140</b>	<b>2,822</b>	<b>302</b>	<b>17,264</b>	<b>930</b>	<b>18,194</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>113,915</b>	<b>32,826</b>	<b>(284)</b>	<b>146,457</b>	<b>13,065</b>	<b>159,522</b>
<b>NET ASSETS- END OF YEAR</b>	<b>\$ 128,055</b>	<b>\$ 35,648</b>	<b>\$ 18</b>	<b>\$ 163,721</b>	<b>\$ 13,995</b>	<b>\$ 177,716</b>



**CITY OF HUNTINGTON BEACH  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)**

	Water Fund	Sewer Service Fund	Refuse Fund	Total Major Enterprise Funds	Non-Major Enterprise Funds	Total
<b>Cash Flows from Operating Activities:</b>						
Cash Received from Customers and Users	\$ 28,145	\$ 7,213	\$ 9,947	\$ 45,305	\$ 7,150	\$ 52,455
Cash Paid to Employees for Services	(4,954)	(1,482)	(89)	(6,525)	(2,943)	(9,468)
Cash Paid to Suppliers of Goods and Services	(15,108)	(3,705)	(10,001)	(28,814)	(2,738)	(31,552)
<b>Net Cash Provided (Used) by Operating Items</b>	<b>8,083</b>	<b>2,026</b>	<b>(143)</b>	<b>9,966</b>	<b>1,469</b>	<b>11,435</b>
<b>Cash Flows from Noncapital Financing Activities:</b>						
Transfers In	-	-	143	143	489	632
Transfers Out	(5,039)	-	-	(5,039)	(477)	(5,516)
<b>Net Cash Provided (Used) by Non Capital Financing Activities</b>	<b>(5,039)</b>	<b>-</b>	<b>143</b>	<b>(4,896)</b>	<b>12</b>	<b>(4,884)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Purchase of Plant, Property, and Equipment	(4,952)	-	-	(4,952)	(235)	(5,187)
Capital Surcharge	6,955	-	-	6,955	-	6,955
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>2,003</b>	<b>-</b>	<b>-</b>	<b>2,003</b>	<b>(235)</b>	<b>1,768</b>
<b>Cash Flows from Investing Activities</b>						
Cash Received from Investments	1,157	234	-	1,391	109	1,500
<b>Net Increase in Cash and Cash Equivalents</b>	<b>6,204</b>	<b>2,260</b>	<b>-</b>	<b>8,464</b>	<b>1,355</b>	<b>9,819</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>49,943</b>	<b>9,911</b>	<b>-</b>	<b>59,854</b>	<b>4,245</b>	<b>64,099</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 56,147</b>	<b>\$ 12,171</b>	<b>\$ -</b>	<b>\$ 68,318</b>	<b>\$ 5,600</b>	<b>\$ 73,918</b>
<b>Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities</b>						
Operating Income (Loss)	\$ 5,225	\$ 1,356	\$ 159	\$ 6,740	\$ 809	\$ 7,549
<b>Adjustments to Reconcile Operating income to Net Cash Provided (Used) by Operating Activities</b>						
Depreciation	1,782	798	-	2,580	311	2,891
Decrease (Increase) in Accounts Receivable	648	(71)	(12)	565	226	791
Decrease (Increase) in Unbilled Receivables	(77)	4	(26)	(99)	-	(99)
Decrease (Increase) in Due from Other Funds	284	-	-	284	-	284
Decrease (Increase) in Inventory	(50)	-	-	(50)	-	(50)
Increase (Decrease) in Accounts Payable	(382)	(83)	21	(444)	111	(333)
Increase (Decrease) in Accrued Payroll	40	7	(3)	44	10	54
Increase (Decrease) in Due to Other Funds	-	-	(284)	(284)	-	(284)
Increase (Decrease) in Claims Payable	112	-	-	112	-	112
Increase (Decrease) in Deposits	422	-	2	424	19	443
Increase (Decrease) in Compensated Absences	79	15	-	94	(17)	77
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 8,083</b>	<b>\$ 2,026</b>	<b>\$ (143)</b>	<b>\$ 9,966</b>	<b>\$ 1,469</b>	<b>\$ 11,435</b>
<b>Noncash Investing, Capital, and Financing Activities:</b>						
Contributions of Infrastructure	\$ 5,842	\$ 1,232	\$ -	\$ 7,074	\$ -	\$ 7,074

*See independent auditors' report and notes to the financial statements*

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF FIDUCIARY FUND NET ASSETS**  
**FIDUCIARY FUNDS**  
**SEPTEMBER 30, 2005**  
(In Thousands)

	Total Agency Funds	Trust Fund - Retirement Supplemental Fund
<b>Assets:</b>		
Cash and Investments - Local Agency Investment Fund	\$ 9,533	\$ 14,039
Cash with Fiscal Agent	8,318	-
Accounts Receivable, Net	469	188
<b>Total Assets</b>	<b>\$ 18,320</b>	<b>\$ 14,227</b>
<b>Liabilities:</b>		
Accounts Payable	\$ 6	\$ 150
Due to Bondholders	9,670	-
Held for Others	8,644	-
Net Pension/Benefit Obligation	-	7,640
<b>Total Liabilities</b>	<b>18,320</b>	<b>7,790</b>
<b>Net Assets</b>	<b>-</b>	<b>6,437</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 18,320</b>	<b>\$ 14,227</b>

**CITY OF HUNTINGTON BEACH**  
**STATEMENT OF CHANGES IN FIDUCIARY FUND NET ASSETS**  
**TRUST FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**  
(In Thousands)

	Trust Fund - Retirement Supplemental Fund
<b>Additions:</b>	
Employer Contributions	\$ 3,675
Other Income	769
Interest Income	234
<b>Total Additions</b>	<b>\$ 4,678</b>
<b>Deductions:</b>	
Benefits	1,768
<b>Total Deductions</b>	<b>1,768</b>
<b>Change in Net Assets</b>	<b>2,910</b>
<b>Net Assets- Beginning of Year</b>	<b>3,527</b>
<b>Net Assets- End of Year</b>	<b>\$ 6,437</b>

# NOTES TO FINANCIAL STATEMENTS

Footnote Number	Description	Page
1.	Summary of Significant Accounting Policies .....	25-33
2.	Cash and Investments .....	34-35
3.	Deferred Compensation .....	35
4.	Deferred Revenue .....	36
5.	Retirement Plan – Normal .....	36-38
6.	Retirement Plan – Supplemental .....	38-40
7.	Post-Employment Medical Insurance .....	40-41
8.	Risk Management .....	42-43
9.	Interfund Transactions .....	44-45
10.	Long-term Debt Obligations .....	46-61
11.	Capital Assets .....	62-64
12.	Commitments and Contingencies .....	64-66
13.	Other Information .....	67



# City of Huntington Beach

## Notes to Financial Statements

### For the Year Ended September 30, 2005

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### a. Reporting Entity

The City of Huntington Beach is the primary government. It was incorporated in 1909, is a charter, full-service city. The form of government is Council-Manager. Component units are legally separate organizations for which the City Council is financially accountable, or organizations that if excluded from the accompanying financial statements, would make them misleading. The component units described below are blended (presented as if they are part of the primary government) with the primary government for financial reporting purposes because either the component units have governing bodies identical to the City's (the City Council) or provide services exclusively to the City. Financial accountability means the appointment of a voting majority of the component unit's board and either the ability to impose will by the City or the possibility that the component unit will provide a financial benefit or impose a financial burden on the City.

- **Redevelopment Agency of the City of Huntington Beach** (the Redevelopment Agency) – This entity was formed in 1967 to renovate older areas in the City. The City Council serves as its governing body and adopts its annual budget. The Redevelopment Agency is financially dependent on the City for all of its operations. Separately prepared financial statements are available for the Redevelopment Agency from the City's Finance Department.
- **Huntington Beach Public Financing Authority** (Public Financing Authority) – This Corporation was formed in March 1988 to issue debt to finance public improvements and other capital purchases for the City and Redevelopment Agency. The Public Financing Authority's governing body is the City Council, which also adopts the annual budget. The Public Financing Authority is financially dependent on the City.
- **The City of Huntington Beach Community Facilities Districts 1990-1, 2000-1 . and Boeing** (Community Facilities Districts), and **the Reservoir Hill Assessment District** (the Assessment District) were formed to construct public improvements within the City boundaries. The governing board of these districts is the City Council. The proceeds of debt issued and the expenditures for the public improvements are recorded in capital projects funds. The Community Facilities Districts' debt is not an obligation of the City. There are no separate financial statements prepared for these entities.



# **City of Huntington Beach**

## **Notes to Financial Statements**

### **For the Year Ended September 30, 2005**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **a. Reporting Entity**

- The **Huntington Beach Auto Business Improvement District** (the Business Improvement District) was formed in 1992 to fund capital improvements within this non-contiguous district. The Business Improvement District's governing body is the City Council. The business owners within the district petitioned the City Council under the Streets and Highways Code to form the district, which assisted in the funding of an electronic reader board sign advertising the auto dealers. There are no separate financial statements for this entity.

##### **b. Government-Wide Financial Statements**

The Government-Wide Financial Statements include a Statement of Net Assets, a Statement of Activities, and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary activities of the City are not included in these statements. These statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

The statement of activities demonstrates the degree with which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are allocated to the various functions based on a proportionate use of services. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for current services, 2) operating grants and contributions, and 3) capital grants and contributions. Taxes and other items not properly included among program revenues are reported as general revenues.

Government-wide financial statements do not provide information by fund or account group. They simply distinguish between governmental and business activities. The City's statement of net assets includes both current and non-current assets and liabilities.



# City of Huntington Beach

## Notes to Financial Statements

### For the Year Ended September 30, 2005

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### b. Government-Wide Financial Statements

###### **Financial Statement Classification**

In the Government-Wide financial statements net assets are classified in the following categories:

**Invested In Capital Assets, Net of Related Debt** – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

**Restricted Net Assets** – This category presents restrictions imposed by creditors, grantors, contributors, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. This category presents restrictions placed on the categories of Capital Projects, Debt Service, and Specific Projects and Programs as established by the City Council.

**Unrestricted Net Assets** – represent the net assets of the City, not restricted for any project or other purpose.

##### c. Fund Financial Statements

Separate fund financial statements are prepared for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, to the business type activities, unless those pronouncements conflict with or contradict GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARB) of the committee on Accounting Procedure. The City applies all applicable FASB Statements and Interpretations issued after November 30, 1989, except those that conflict with or contradict GASB pronouncements.

###### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2005

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### c. Fund Financial Statements

assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recorded when received in cash, except those revenues that are subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the City, are property tax, sales tax, intergovernmental revenues and other taxes. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

In the Fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions.

The City reports the following major funds:

#### **Governmental Funds**

- **General Fund** - used to account for activity not required to be accounted for in another fund
- **Redevelopment Agency** – accounts for the acquisition and construction of capital assets and the related debt service activity for certain projects in the City's Redevelopment project areas
- **Public Financing Authority** – accounts for the activity of the Huntington Beach Public Financing Authority
- **Grant Fund** – accounts for revenues and expenses of grant-related activity

#### **Proprietary Funds**

- **Water Fund** – used to account for water sales to customers
- **Sewer Service Fund** – accounts for user fees charged to residents and businesses for sewer services
- **Refuse Fund** – used to account for the activities of the City's refuse program

#### **Governmental Fund Financial Statements**

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City presents all major funds that met those qualifications.



# **City of Huntington Beach**

## **Notes to Financial Statements**

### **For the Year Ended September 30, 2005**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **c. Fund Financial Statements**

###### **Proprietary Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and non-major funds aggregated.

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

###### **Fiduciary Fund Financial Statements**

Fiduciary Fund Financial Statements include a Statement of Net Assets and a Statement of Changes in Net Assets for Trust Funds. The City's Fiduciary funds represent Agency Funds, which are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency funds are accounted for on the accrual basis of accounting. Contributions made are funded by a percentage of payroll and are recognized when the payroll is incurred. Fiduciary funds are not presented in the government-wide financial statements because these funds do not represent net assets available to the City.

###### **Reconciliations of Financial Statements**

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.





# City of Huntington Beach

## Notes to Financial Statements

### For the Year Ended September 30, 2005

#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### d. Cash and Investments

The City records investments at fair value. The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates. The City's investment policy is further discussed in note 2 on pages 34-35.

##### e. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets have an acquisition cost of \$10,000 or greater (\$50,000 for infrastructure) and a useful life of two years or more. The City records all purchased capital assets at historical cost (where historical records are available) and at estimated historical cost where no historical records exist. Capital assets acquired from gifts or contributions are recorded at fair market value at the time received, or in the case of infrastructure assets, at City Council acceptance date.

In the Government-Wide and proprietary fund financial statements, depreciation is recorded on the straight-line method over the estimated useful lives of the assets shown below and charged to the respective fund. No depreciation is recorded in the governmental funds of the fund financial statements.



# **City of Huntington Beach**

## **Notes to Financial Statements**

### **For the Year Ended September 30, 2005**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **e. Capital Assets**

Production, pumping transmission and distribution plant	10 to 15 years
General Plant	20 to 50 years
Transportation Equipment	5 to 30 years
Infrastructure	50 Years

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of borrowing until completion of the project with interest earned on the invested proceeds over the same period.

##### **f. Inventories**

Proprietary inventories are valued at weighted-average cost. There are no inventories in governmental funds.

##### **g. Interfund Transactions**

As a general rule, interfund transactions have been eliminated from the government-wide financial statements. Exceptions to this rule are payments in-lieu or charges for current service between the City's enterprise activity and the City's General Fund. Elimination of these transactions would distort the direct costs and program revenues for the various functions. Certain eliminations have been made regarding interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column.

Numerous transactions occur between funds of the City resulting in transfers, amounts due to or from other funds. Amounts due to or from are the current (due within one year) portion of moneys that are to be paid or to be received from other funds.

##### **h. Long-Term Obligations**

In the government-wide and proprietary fund financial statements, long-term obligations are recorded as liabilities in the applicable governmental activities, business type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt for all issues after October 1, 2001. Premiums and discounts for debt issued before October 1, 2001 are not recorded or amortized.



# **City of Huntington Beach**

## **Notes to Financial Statements**

### **For the Year Ended September 30, 2005**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **h. Long-Term Obligations**

In the governmental fund financial statements, bond discounts and premiums are recognized as other financing source or use. Issuance costs are recorded as current year expenditure.

##### **i. Employee Compensated Absences**

The Agency records the cost of all accumulated and unused leave time (vacation, sick, and comp) as a liability when earned in the government-wide financial statements. In the fund financial statements these amounts are recorded as expenditures in the years paid since it is the City's policy to pay these from future financial resources, rather than available, spendable resources.

##### **j. Property Tax Revenue**

Property tax in California is levied according to Article 13-A of the California Constitution. The basic levy is a countywide-levy of one percent of total assessed valuation and is allocated to county governments, school districts, cities and special districts. Additional levies require two-thirds approval by voters and are allocated directly to the specific government.

In the government-wide financial statements, property tax is recorded when earned, regardless of when levied, due, or received. In the fund financial statements, property tax revenue is recognized in the fiscal year levied provided that revenue is collected in time to pay current year liabilities. Deferred property tax revenue represents property taxes related to the current fiscal year that are collected more than 60 days after the fiscal year end. Since the City's fiscal year differs from the County's property tax year, there is a difference between the property tax revenue recorded on the fund financial statements and the government-wide financial statements. This is noted as a reconciling item in both the Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities and the Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets. The County acts as a collection agent for property tax for all of the local governmental units. Property taxes are normally collected twice per year.



# **City of Huntington Beach**

## **Notes to Financial Statements**

### **For the Year Ended September 30, 2005**

#### **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

##### **j. Property Tax Revenue**

The property tax calendar is as follows:

- Lien Date-January 1 - Prior Fiscal Year
- Levy Date-July 1 - Prior Fiscal Year
- Due Date, First Installment - November 10
- Due Date, Second Installment - February 10
- Delinquent Date, First Installment - December 10
- Delinquent Date, Second Installment - April 10

The taxes are paid to the local governments periodically during the year. Below are the dates of the payments from the County:

- |                                  |                      |
|----------------------------------|----------------------|
| • Payments of First Installment  | November to December |
| • Balance of First Installment   | February 1           |
| • Payments of Second Installment | March to April       |
| • Balance of Second Installment  | July 26              |

##### **k. Allocation of Interest Income Among Funds**

The City pools all non-restricted cash for investment purchases and allocates interest income based on month-end cash balances. Funds that have restricted cash record interest income in the respective fund.

##### **l. Cash Flow Statements**

For purposes of the Statement of Cash Flows, the Proprietary Fund types consider all cash and investments to be cash equivalents, as these funds participate in the citywide cash and investment pool.

##### **m. Estimates**

The accompanying financial statements require management to make estimates and assumptions that effect certain report amounts and disclosures. Actual results could differ from those estimates.



# **City of Huntington Beach** **Notes to Financial Statements** **For the Year Ended September 30, 2005**

## **2. CASH AND INVESTMENTS**

Cash and investments were recorded in the government-wide statements as follows (in thousands):

	Investment Maturities (In Years)					Total
	Fair Value	Less than 1	1 to 3	3 to 5	More than 5	
<b>DEPOSITS:</b>						
Demand Accounts	\$ 18	\$ 18	-	-	-	\$ 18
<b>INVESTMENTS:</b>						
US Treasuries	25,007	14,868	10,139	-	-	25,007
US Agencies	93,754	25,738	52,281	15,735	-	93,754
Guaranteed Investment Contracts	8,190	-	-	-	8,190	8,190
Commercial Paper	11,924	11,924	-	-	-	11,924
Money Market Funds	648	648	-	-	-	648
Medium Term Notes	2,489	2,489	-	-	-	2,489
Local Agency Investment Fund	24,416	24,416	-	-	-	24,416
<b>Subtotal of Investments</b>	<b>166,428</b>	<b>80,083</b>	<b>62,420</b>	<b>15,735</b>	<b>8,190</b>	<b>166,428</b>
<b>Total Deposits and Investments</b>	<b>\$ 166,446</b>	<b>\$ 80,101</b>	<b>\$ 62,420</b>	<b>\$ 15,735</b>	<b>\$ 8,190</b>	<b>\$ 166,446</b>

At September 30, 2005 the City had the following investments and maturities (amounts in thousands):

### **Statement of Net Assets:**

Cash and Investments	\$ 62,166
Restricted Assets (Cash and Cash Equivalents)	92,036
Cash with Fiscal Agent - Restricted	12,244
<b>Total Per Statement of Net Assets</b>	<b><u>166,446</u></b>
Fiduciary Funds:	
Cash and Investments – Local Agency Investment Fund	23,572
Cash with Fiscal Agent - Restricted	8,318
<b>Total Fiduciary Funds</b>	<b><u>31,890</u></b>
<b>Total Cash and Investments</b>	<b><u>\$ 198,336</u></b>

**Interest Rate Risk** – As a means of limiting exposure to fair value losses arising from interest rates, the City’s investment policy limits investments over three years to be 30% or less.

**Credit Risk**- State law limits investments in commercial paper and corporate bonds to have at least an “A” rating issued by a nationally recognized statistical rating organization. It is the City’s policy to limit its investments in these investment types to the top two ratings issued by these rating rganizations. As of September 30, 2005, Standard and Poor’s and Moody’s Investor’s Service rating of the City’s investments in commercial paper were A1 or better and p-1, respectively. Standard and Poor’s rated the City’s



## **City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2005**

### **2. CASH AND INVESTMENTS (Continued)**

investments in medium-term bonds AAA or AA, and a rating of Aaa, Aa or A was placed by Moody's.

*Concentration of Credit Risk* – The City's investment policy limits investments in any one issuer to no more than 10% of the investments and each investment type has a specific limit.

*Local Agency Investment Fund* - As of September 30, 2005, the City held a total of \$45,465,000 in callable securities, which amounted to approximately 27% of investments. In addition, the City investments with the Local Agency Investment Fund (LAIF), a State of California investment pool, which at September 30, 2005 also included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. Asset-Backed Securities, the bulk of which are mortgaged-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest

### **3. DEFERRED COMPENSATION**

Permanent City employees may defer a portion of their salary under Section 457 of the Internal Revenue Code. This plan permits employees to defer a portion of their salary until future years. The compensation is not available to the employees until termination, retirement, or unforeseen emergency.

The City has established a trust for the assets of the plan held by third parties. All property and rights purchased with these assets, as well as all income attributable to them are held in trust for the exclusive benefit of the participant and their beneficiary. The amounts are no longer the property of the City and are not subject to the claims of the City's general creditors. Amounts administered by outside organizations in a trustee capacity are no longer reported as assets of the City. The City does not have fiduciary responsibility for these assets.



## City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2005

### 4. DEFERRED REVENUE

Certain revenues in governmental funds are deferred until received. The property tax amounts are recognized in the year as revenue in the government-wide financial statements, but are recorded as deferred revenue in the fund financial statements. The other amounts are unearned revenue in both the funds and government-wide financial statements. The amounts are as follows (in thousands):

	Deferred Property Taxes	Other Deferred Revenue	Total
General Fund	\$ 11,364	\$ -	\$ 11,364
Grant Fund	-	3,436	3,436
Redevelopment Agency	841	4,943	5,784
<b>Total</b>	<b>\$ 12,205</b>	<b>\$ 8,379</b>	<b>\$ 20,584</b>

### 5. RETIREMENT PLAN – NORMAL

#### a. Plan Description

The City contributes to the California Public Employees' Retirement System (CALPERS), an agent, which is a multiple-employer public employee defined benefit pension plan. CALPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CALPERS acts as a common investment and administrative agent for participating public entities within California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of CALPERS annual financial report may be obtained from their executive office: 400 P Street, Sacramento, CA 95814.

The City makes two types of contributions for covered employees. The first contribution represents the amount the City is required to make (the employer rate). The second represents an amount, which is made by the employee, but is reimbursed to the employee by the City (the member rate). The member rate is set by contract and normally remains unchanged.





**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**5. RETIREMENT PLAN – NORMAL (Continued)**

**b. Employer and Employee Contribution Obligations**

The employer rate is an actuarially established rate, is set by CALPERS, and changes from year to year. The employer rates for the fiscal year ending September 30, 2005 are:

	<b>October 1, 2004 to June 30, 2005</b>	<b>July 1, 2005 to September 30, 2005</b>
<b>Local Miscellaneous</b>	<b>0.000%</b>	<b>7.182%</b>
<b>Local Safety</b>	<b>25.144%</b>	<b>29.957%</b>

The member rates are as follows:

	<b>Rate</b>
<b>Local Miscellaneous</b>	<b>7.000%</b>
<b>Local Safety</b>	<b>9.000%</b>

**c. Annual Pension Cost**

The City's annual pension cost of \$ 8,729,000 was equal to the City's required and actual contributions. The required contribution was determined as part of a June 30, 2004 actuarial valuation using the entry age normal actuarial cost method.

CALPERS conducted an actuarial valuation utilizing the entry-age actuarial cost method and a level percent of payroll to determine the City's net pension obligation as of June 30, 2005. Significant assumptions were:

- Average amortization remaining period – 32 Years as of the Valuation Date (safety) and 5 Years as of the Valuation Date (miscellaneous)
- Asset valuation method – 15 Years Smoothed Market
- Investment Rate of Return – 7.75%
- Projected salary increases – 3.25% to 13.15% (safety) and 3.25% to 14.45% (miscellaneous) depending on age, service, and type of employment
- Inflation – 3.00%
- Payroll growth – 3.25%
- Individual salary growth – A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.0% and an annual production growth of .25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CALPERS. Subsequent plan amendments are amortized as a level percent of pay over a closed 20-year period. Gains and losses that occur in the operation





## **City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2005**

### **5. RETIREMENT PLAN – NORMAL (Continued)**

#### **c. Annual Pension Cost**

of the plan are amortized over a rolling period, which results in an amortization of 6% of the unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of the assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30-year amortization period.

#### **d. Trend Information**

<b>Fiscal Year</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Funded</b>	<b>Net Pension Obligation</b>
9/30/2003	\$5,583	100%	\$0
9/30/2004	\$8,123	100%	\$0
9/30/2005	\$8,729	100%	\$0

### **6. RETIREMENT PLAN – SUPPLEMENTAL**

#### **a. Plan Description**

The City provides a supplemental retirement plan for employees hired prior to 1999 (specific dates vary by employee bargaining association). It is a single-employer PERS. It is a defined benefit plan and will pay the retiree an additional amount to his or her normal amount for life. The City's contracts with employee bargaining associations establish the plan. These associations must agree to any changes to the plan. The amount will cease upon the employee's death. The amount that is computed as a factor of an employee's normal retirement allowance is computed at retirement and remains constant for his or her life. Of the 980 active employees reported on the July 1, 2005 data, only 576 were eligible for plan benefits. No separately prepared financial statements are prepared for this plan and it is not included in the financial report of any other pension plan. The assets used to pay these liabilities have not yet been set up in a legal trust.

#### **b. Employer Obligations and Funding Status and Progress**

The City annually transfers amounts from the various City funds to a pension trust fund. The City is required to contribute an actuarially determined rate 4.29% of total payroll for all permanent employees. Administrative costs of this plan are financed through investment earnings.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**6. RETIREMENT PLAN – SUPPLEMENTAL (Continued)**

**c. Annual Pension Cost and Net Pension Obligation**

The City's annual pension cost and net pension obligation for this plan at June 30, 2005 were (in thousands):

Annual required contribution	\$3,074
Interest on net pension obligation	463
Adjustment to annual required contribution	(637)
Annual pension cost	<u>2,900</u>
Contributions made	(3,675)
Increase (decrease) in net pension obligation	<u>(775)</u>
Net Pension Obligation – Beginning of Year	<u>8,415</u>
<b>Net Pension Obligation – End of Year</b>	<b><u>\$7,640</u></b>

The annual required contribution was determined as part of an independent actuarial valuation using the Entry Age Normal Actuarial Cost Method which is a projected benefit full-cost method which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions used were:

- Rate of return on present and future assets – 5.5% per annum
- Projected salary increases for covered employees due to inflation – 3.0% per annum
- Projected salary increases due to merit – 0%
- Inflation rate – 3.0%
- Post employment benefit increases – 0%
- Amortization of unfunded liability – level percentage of pay ending in 2027 (closed)
- Actuarial value of assets – market value

**d. Trend Information**

Below is the required three-year trend information (dollar amounts in thousands):

<b>Fiscal Year</b>	<b>Annual Pension Cost</b>	<b>Percentage of APC Funded</b>	<b>Net Pension Obligation</b>
6/30/03	\$2,786	100%	\$8,342
6/30/04	\$3,073	98%	\$8,409
6/30/05	\$2,900	127%	\$7,640



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**6. RETIREMENT PLAN – SUPPLEMENTAL (Continued)**

**d. Trend Information**

Below is other required trend information (dollar amounts in thousands):

<b>Fiscal Year Ending June 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage of ARC Contributed</b>
1992	\$1,391	17%
1993	1,546	16%
1994	1,697	14%
1995	1,790	22%
1996	1,968	41%
1997	1,952	155%
1998	2,151	70%
1999	2,613	60%
2000	2,638	62%
2001	2,578	88%
2002	2,836	88%
2003	2,937	103%
2004	3,231	93%
2005	3,074	120%

**e. Accounting for Plan**

Since the City is required to adopt GASB 25 for the supplemental pension plan, the difference between the ARC and the amount of pension cost funded for the years in which there was an actuarial study must be recorded as a liability in the government-wide financial statements. The amount of this liability is \$7,640,000. Benefits are recognized when due and payable. Actuarial studies and updates were performed since 1991 and there is a substantial amount of unfunded pension benefit liability that would have been recorded as a liability in the government-wide financial statements if the studies had been performed (see Note 10).

**7. POST-EMPLOYMENT MEDICAL INSURANCE**

**a. Plan Description**

The City agreed via contract with each employee association to provide a subsidy to retirees to purchase post-employment medical insurance. The benefits are fixed in amounts, based on years of service, and available to all retirees who meet all three of the following criteria:



# City of Huntington Beach

## Notes to Financial Statements

### For the Year Ended September 30, 2005

#### 7. POST-EMPLOYMENT MEDICAL INSURANCE (Continued)

##### a. Plan Description

- At the time of retirement the employee is employed by the City.
- At the time of retirement the employee has a minimum of ten years of service credit or is granted a service connected disability retirement.
- Following official separation from the City, CALPERS grants a retirement allowance.

The City's obligation to provide the benefits to a retiree ceases when either of the following occurs:

- During any period the retiree is eligible to receive health insurance at the expense of another employer.
- The retiree becomes eligible to enroll automatically or voluntarily in Medicare.

If a retiree dies, the benefits that would be payable for his or her insurance are provided to the spouse or family for 12 months. Benefits for insurance premiums are payable based on the years of service credit for the retiree. The retiree may use the subsidy for any of the medical insurance plans that the City's active employees may enroll.

The assets used to pay these liabilities have not yet been set up in a legal trust.

##### b. Accounting and Funding

The Retiree Medical Insurance Fund is an agency fund. Other funds contribute on a periodic basis. Employees do not contribute. The actuarial assumptions for the plan are identical to the assumptions used for the Retirement Supplement Plan (see Note 6).

Below are the required disclosures for this plan (in thousands):

Number of active participants	980
Employer's actuarially required contributions	\$740
Employer's actual contributions	\$975

Below is a summary of the Unfunded Actuarial Accrued Liability for the plan (in thousands):

Actuarial accrued liability	\$11,561
Net assets available for plan benefits	\$4,829
Unfunded Actuarial Accrued Liability	\$6,732

Under current generally accepted accounting principles, recording of unfunded liabilities on other post-employment benefits in the financial statements is not required.



## **City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2005**

### **8. RISK MANAGEMENT**

The City is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; natural disasters and employee health insurance claims. The City records all of these claims as expenditures in the General Fund. The liability for these claims is recorded as part of long-term obligations in the Government-Wide financial statements. The City records the amount of claims payable at year-end that is due and payable at year-end in the fund financial statements. The full amount of claims is reported as a liability in the government-wide financial statements. Liabilities include amounts incurred, but not reported.

#### **Liability Claims:**

Claims of up to \$1,000,000 are paid from the General Fund. The City is also a participant in the Big Independent Cities Excess Pool Joint Powers Authority (BICEP), which provides general liability insurance of \$24,000,000 above the City's retention of \$1,000,000. BICEP was created by a joint powers agreement between the City of Huntington Beach and four other local entities for the purpose of providing joint insurance coverage and related risk management services for member cities. BICEP allows member entities to finance claims payment pool for certain liability claims in excess of \$1 million to a limit of \$25 million. BICEP's governing board has one representative from each city (either a member of the City Council or designate). Current members must approve any changes to the board. Each participating City pays an insurance premium to BICEP that is used to fund the operating and debt service requirements.

Workers' compensation claims of up to \$350,000 per claim and liability claims of greater than \$100,000 per claim are paid from these funds.

The City purchases independent insurance coverage for liability and workers' compensation claims in excess of the above amounts. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. All funds of the City participate in the program and make payments to these funds based on estimated cost information.

The City reports liabilities at year-end that can be reasonably estimated claims prior to the issuance of the financial statements including an estimate of incurred but not reported claims.



**City of Huntington Beach**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**8. RISK MANAGEMENT (Continued)**

Claims activity and liabilities relating to the current and prior year are (in thousands):

	<b>Health Insurance</b>	<b>Workers Compensation</b>	<b>Liability Insurance</b>	<b>Total</b>
<b>Balance September 30, 2003</b>	<b>\$ 400</b>	<b>\$ 6,569</b>	<b>\$ 8,084</b>	<b>\$ 15,053</b>
Additions 2003-2004	6,511	2,041	4,080	12,632
Reductions - 2003-2004	(6,911)	(2,701)	(1,036)	(10,648)
Net Increase (Decrease) 2003-2004	(400)	(660)	3,044	1,984
<b>Balance September 30, 2004</b>	<b>-</b>	<b>5,909</b>	<b>11,128</b>	<b>17,037</b>
Additions 2004-2005	-	1,874	5,062	6,936
Reductions - 2004-2005	-	(990)	(2,494)	(3,484)
Net Increase (Decrease) 2004-2005	-	884	2,568	3,452
<b>Balance September 30, 2005</b>	<b>\$ -</b>	<b>\$ 6,793</b>	<b>\$ 13,696</b>	<b>\$ 20,489</b>

Below is a reconciliation of the above schedule of total claims payable to the financial statements (in thousands):

Current Claims Payable – Reported on the Balance Sheet of Both the Government- Wide and Fund Statements	\$ 5,944
Claims Payable – Long-Term (Greater than One Year) – Reported in Government Wide Statements, but not in Fund Statements	14,545
<b>Total</b>	<b>\$ 20,489</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**9. INTERFUND TRANSACTIONS**

**a. Due To/From Other Funds**

The amounts at September 30, 2005 were (in thousands):

	<b>Due from Other Funds</b>	<b>Due to Other Funds</b>
<b>Governmental Funds:</b>		
Gas Tax	\$ 863	\$ -
Drainage	-	863
<b>Total Due to/from Other Funds Governmental Funds</b>	<b>863</b>	<b>863</b>
<b>Proprietary Funds:</b>		
Water	211	-
Refuse	-	211
<b>Total Proprietary Funds</b>	<b>211</b>	<b>211</b>
<b>Total all Funds</b>	<b>\$ 1,074</b>	<b>\$ 1,074</b>

These outstanding balances result mainly from short-term borrowings to cover payments for goods and services.

**b. Advances to/from Other Funds**

There is \$1,836,000 advanced from the General Fund to the Park Acquisition and Development Fund (a non-major governmental fund) for closed school site purchases. The amount will be repaid within 3 years.



# **City of Huntington Beach** **Notes to Financial Statements** **For the Year Ended September 30, 2005**

## **9. INTERFUND TRANSACTIONS (Continued)**

### **c. Transfers In/Out**

The amounts at September 30, 2005 were (in thousands):

Transfers In	Transfers Out				
	General Fund	Redevelopment Agency	Grants	Non-Major Governmental Funds	Total Governmental Funds
General Fund	\$ 59	\$ 5,033	\$ 18	\$ 1,530	\$ 6,640
Redevelopment Agency	270	-	-	-	270
Public Financing Authority	5,686	63	-	159	5,908
Grants	259	-	12	12	283
Non-Major Governmental Funds	711	-	1,293	269	2,273
<b>Total Governmental Funds</b>	<b>6,985</b>	<b>5,096</b>	<b>1,323</b>	<b>1,970</b>	<b>15,374</b>
Refuse Fund	143	-	-	-	143
Non-Major Enterprise Funds	484	-	-	5	489
<b>Total Enterprise Funds</b>	<b>627</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>632</b>
<b>Total Transfers Out</b>	<b>\$ 7,612</b>	<b>\$ 5,096</b>	<b>\$ 1,323</b>	<b>\$ 1,975</b>	<b>\$ 16,006</b>

Transfers In	Transfers Out		
	Water Fund	Non-Major Enterprise Funds	Total Transfers In
General Fund	\$ 5,039	\$ 194	\$ 11,873
Redevelopment Agency	-	-	270
Public Financing Authority	-	283	6,191
Grants	-	-	283
Non-Major Governmental Funds	-	-	2,273
<b>Total Governmental Funds</b>	<b>5,039</b>	<b>477</b>	<b>20,890</b>
Refuse Fund	-	-	143
Non-Major Enterprise Funds	-	-	489
<b>Total Enterprise Funds</b>	<b>-</b>	<b>-</b>	<b>632</b>
<b>Total Transfers Out</b>	<b>\$ 5,039</b>	<b>\$ 477</b>	<b>\$ 21,522</b>

These routine transfers were made in the normal course of City operations and are mainly used to:

- Move revenues from a specific fund to the specific debt service fund as payments become due.
- Move monies to specific funds to finance programs that the City wishes to or is required to account for in other funds.
- Close out or open specific funds per City Council direction.





# City of Huntington Beach

## Notes to Financial Statements

### For the Year Ended September 30, 2005

#### 10. LONG-TERM OBLIGATIONS

Below is a schedule of changes in long-term governmental obligations for the year (in thousands):

	Note	October 1, 2004	Additions	Retirements	September 30, 2005	Accrued Interest	Principal Due Within One Year
Judgment Obligation Bonds	10(a)	\$ 12,500	\$ -	\$ (255)	\$ 12,245	\$ 70	\$ 720
<b>Public Financing Authority:</b>							
1997 Leasehold Revenue Bonds	10(b)(1)	4,940	-	(610)	4,330	58	640
2000 Certificates of Participation	10(b)(2)	16,140	-	(615)	15,525	83	640
2001-a Lease Revenue Bonds	10(b)(3)	29,635	-	(605)	29,030	141	630
2001-b Lease Revenue Bonds	10(b)(4)	26,265	-	(1,595)	24,670	163	1,640
<b>Total Public Financing Authority</b>		<b>76,980</b>	<b>-</b>	<b>(3,425)</b>	<b>73,555</b>	<b>445</b>	<b>3,550</b>
<b>Redevelopment Agency:</b>							
1999 Tax Allocation Refunding Bonds	10(c)(1)	8,840	-	(335)	8,505	66	350
2002 Tax Allocation Refunding Bonds	10(c)(2)	19,465	-	(765)	18,700	137	790
Mayer Disposition and Development Agreement	10(c)(3)	10,730	655	(1,302)	10,083	-	-
Section 108 Loan	10(c)(4)	7,850	-	(300)	7,550	90	315
<b>Total Redevelopment Agency</b>		<b>46,885</b>	<b>655</b>	<b>(2,702)</b>	<b>44,838</b>	<b>293</b>	<b>1,455</b>
<b>Other Long-Term Obligations:</b>							
California Energy Commission	10(d)(1)	337	-	(221)	116	3	116
Leases Payable	10(d)(2)	4,885	447	(1,871)	3,461	-	1,039
Compensated Absences	10(d)(3)	8,037	3,161	(2,153)	9,045	-	2,800
Net Pension Obligation	10(d)(4)	8,409	999	(1,768)	7,640	-	-
Claims Payable	10(d)(5)	11,937	6,092	(3,484)	14,545	-	3,425
<b>Total Other Long-Term Obligations</b>		<b>33,605</b>	<b>10,699</b>	<b>(9,497)</b>	<b>34,807</b>	<b>3</b>	<b>7,380</b>
<b>Total Long-Term Obligations - Governmental Activities</b>		<b>\$ 169,970</b>	<b>\$ 11,354</b>	<b>\$ (15,879)</b>	<b>\$ 165,445</b>	<b>\$ 811</b>	<b>\$ 13,105</b>



# **City of Huntington Beach** **Notes to Financial Statements** **For the Year Ended September 30, 2005**

## **10. LONG-TERM OBLIGATIONS (Continued)**

Below are reconciliations from amounts in the above table to amounts in the accompanying government-wide financial statements (in thousands):

<b>Proceeds of Long-Term Debt in Governmental Fund Financial Statements</b>	<b>\$ 1,102</b>
Increase in Net Pension Obligation	999
Increase in Compensated Absences	3,161
Increase in Claims Payable	6,092
<b>Increases in Above Schedule</b>	<b><u>\$ 11,354</u></b>

<b>Principal Paid in Governmental Fund Financial Statements</b>	<b>\$ 8,474</b>
Decrease in Compensated Absences	2,153
Decrease in Net Pension Obligation	1,768
Decrease in Claims Payable	3,484
<b>Decreases in Above Schedule</b>	<b><u>\$ 15,879</u></b>

### **a. Judgment Obligation Bonds**

Year of Issuance	2004
Type of Debt	Judgment Obligation Bonds
Original Principal Amount	\$12,500,000
Security	Council Appropriations
Interest Rates	2.00% to 4.20%
Interest Payment Dates	February 1st and August 1st
Principal Payment Dates	February 1st
Purpose of Debt	Pay claims on Court Judgment

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 720	\$ 420	\$ 1,140
2007	730	405	1,135
2008	745	389	1,134
2009	765	369	1,134
2010	785	346	1,131
2011-2015	4,355	1,285	5,640
2016-2019	4,145	351	4,496
<b>Total</b>	<b>\$ 12,245</b>	<b>\$ 3,565</b>	<b>\$ 15,810</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**b. Public Financing Authority**

**(1) 1997 Public Financing Authority Revenue Bonds**

Year of Issuance	1997
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$8,070,000
Security	Lease Agreement with City for Central Library
Interest Rates	5.00% to 5.50%
Interest Payment Dates	June 15 <sup>th</sup> and December 15 <sup>th</sup>
Principal Payment Dates	December 15 <sup>th</sup>
Purpose of Debt	Construct Pier Plaza and Purchase 800 MHZ System

Debt service requirements to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2006	\$ 640	\$ 214	\$ 854
2007	665	181	846
2008	80	163	243
2009	85	159	244
2010	90	154	244
2011-2015	525	692	1,217
2016-2020	680	527	1,207
2021-2025	900	313	1,213
2026-2028	665	57	722
<b>Total</b>	<b>\$ 4,330</b>	<b>\$ 2,460</b>	<b>\$ 6,790</b>

**(2) 2000 Public Financing Authority Certificates of Participation**

Year of Issuance	2000
Type of Debt	Certificates of Participation
Original Principal Amount	\$18,310,000
Security	Lease with City
Interest Rates	4.0% to 5.0%
Interest Payment Dates	February 15 <sup>th</sup> and August 15 <sup>th</sup>
Principal Payment Dates	August 15 <sup>th</sup>
Purpose of Debt	Capital improvements and defeasance of Emerald Cove Certificates of Participation



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**b. Public Financing Authority**

**(2) 2000 Public Financing Authority Certificates of Participation**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 640	\$ 801	\$ 1,441
2007	670	774	1,444
2008	700	744	1,444
2009	730	714	1,444
2010	760	680	1,440
2011-2015	2,685	2,981	5,666
2016-2020	3,465	2,208	5,673
2021-2025	2,765	1,284	4,049
2026-2029	3,110	530	3,640
<b>Total</b>	<b>\$ 15,525</b>	<b>\$ 10,716</b>	<b>\$ 26,241</b>

**(3) 2001(a) Public Financing Authority Lease Revenue Bonds**

Year of Issuance	2001
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$31,360,000
Security	Lease Agreement with City for Public Buildings
Interest Rates	2.45% to 5.0%
Interest Payment Dates	February 15 <sup>th</sup> and August 15 <sup>th</sup>
Principal Payment Dates	August 15 <sup>th</sup>
Purpose of Debt	Construct Sports Complex and South Beach Phase II Improvements



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**b. Public Financing Authority**

**(3) 2001(a) Public Financing Authority Lease Revenue Bonds**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 630	\$ 1,354	\$ 1,984
2007	650	1,334	1,984
2008	675	1,312	1,987
2009	700	1,288	1,988
2010	725	1,262	1,987
2011-2015	4,085	5,842	9,927
2016-2020	5,075	4,848	9,923
2021-2025	6,420	3,510	9,930
2026-2030	8,180	1,740	9,920
2031	1,890	94	1,984
<b>Total</b>	<b>\$ 29,030</b>	<b>\$ 22,584</b>	<b>\$ 51,614</b>

**(4) 2001(b) Public Financing Authority Lease Revenue Bonds**

Year of Issuance	2001
Type of Debt	Lease Revenue Bonds
Original Principal Amount	\$31,095,000
Security	Lease on Civic Center Buildings
Interest Rates	4.0% to 5.0%
Interest Payment Dates	August 1, February 1
Principal Payment Dates	August 1
Purpose of Debt	Defease Civic Improvement Corporation Certificates



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**b. Public Financing Authority**

**(4) 2001(b) Public Financing Authority Lease Revenue Bonds**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 1,640	\$ 975	\$ 2,615
2007	1,690	925	2,615
2008	1,745	875	2,620
2009	1,800	818	2,618
2010	1,880	737	2,617
2010-2014	10,565	2,523	13,088
2015-2019	5,350	525	5,875
<b>Total</b>	<b>\$ 24,670</b>	<b>\$ 7,378</b>	<b>\$ 32,048</b>

**c. Redevelopment Agency**

**(1) 1999 Redevelopment Agency Tax Allocation Refunding Bonds**

Year of Issuance	1999
Type of Debt	Tax Allocation Refunding Bonds
Original Principal Amount	\$10,835,000
Security	Tax Increment
Interest Rates	3.00% to 5.05%
Interest Payment Dates	February 1 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
Purpose of Debt	Prepay Agency's 1992 Loans to Public Financing Authority



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**c. Redevelopment Agency**

**(1) 1999 Redevelopment Agency Tax Allocation Refunding Bonds**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 350	\$ 393	\$ 743
2007	365	380	745
2008	380	365	745
2009	390	350	740
2010	410	334	744
2011-2015	2,350	1,384	3,734
2016-2020	2,690	778	3,468
2021-2025	1,570	195	1,765
<b>Total</b>	<b>\$ 8,505</b>	<b>\$ 4,179</b>	<b>\$ 12,684</b>

**(2) 2002 Redevelopment Agency Tax Allocation Refunding Bonds**

Year of Issuance	2002
Type of Debt	Tax Allocation Refunding Bonds
Original Principal Amount	\$20,900,000
Security	Tax Increment
Interest Rates	2.00% to 5.00%
Interest Payment Dates	February 1 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
Purpose of Debt	Prepay Agency's 1992 Loans to Public Financing Authority and fully defease 1992 Public Financing Authority bonds



# **City of Huntington Beach** **Notes to Financial Statements** **For the Year Ended September 30, 2005**

## **10. LONG-TERM OBLIGATIONS (Continued)**

### **c. Redevelopment Agency**

#### **(2) 2002 Redevelopment Agency Tax Allocation Refunding Bonds**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 790	\$ 822	\$ 1,612
2007	815	798	1,613
2008	845	772	1,617
2009	870	742	1,612
2010	910	712	1,622
2011-2015	5,175	2,989	8,164
2016-2020	5,880	1,703	7,583
2021-2024	3,415	424	3,839
<b>Total</b>	<b>\$ 18,700</b>	<b>\$ 8,962</b>	<b>\$ 27,662</b>

#### **(3) Mayer Disposition and Development Agreement**

In fiscal year 1996-97, the Agency entered into a disposition and development agreement with Robert Mayer Corporation (Corporation) concerning additional development adjacent to the Waterfront Hotel. Under the agreement, the Corporation would advance payments for the project costs with the Agency reimbursing up to \$16,750,000 of the costs. As of September 30, 2005, the Agency obligation under the agreement amounted to \$10,083,000. Project-generated revenues as available will repay these amounts over the time needed to fully amortize the advance.

#### **(4) Section 108 Loan**

Year of Issuance	2000
Type of Debt	Loan from Federal Government
Original Principal Amount	\$8,570,000
Security	Loan Agreement with Federal Government
Interest Rates	7.7%
Interest Payment Dates	February 1 <sup>st</sup> and August 1 <sup>st</sup>
Principal Payment Dates	August 1 <sup>st</sup>
Purpose of Debt	Capital Improvements





**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**c. Redevelopment Agency**

**(4) Section 108 Loan**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 315	\$ 540	\$ 855
2007	340	518	858
2008	365	493	858
2009	390	467	857
2010	415	439	854
2011-2015	2,520	1,681	4,201
2016-2019	3,205	553	3,258
<b>Total</b>	<b>\$ 7,550</b>	<b>\$ 4,691</b>	<b>\$ 11,741</b>

**d. Other Long-Term Obligations**

**(1) Energy Financing Loan**

Year of Issuance	1995
Type of Debt	Note Payable – State of California
Original Principal Amount	\$1,116,003
Security	Loan Agreement
Interest Rates	6.1%
Interest Payment Dates	February 22 <sup>nd</sup> and June 22 <sup>nd</sup>
Principal Payment Dates	February 22 <sup>nd</sup> and June 22 <sup>nd</sup>
Purpose of Debt	Capital Improvements

The remaining amount of \$119,000 (\$116,000 of principal and \$3,000 of interest) is due and payable within one year.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**d. Other Long Term Obligations**

**(2) Leases Payable**

The City entered into capital leases for various items:

Year of Insurance	1996 through 2003
Type of Debt	Capital Leases
Original Principal Amount	Various (\$93,000 to \$2,370,000)
Security	Lease Agreement
Interest Rates	4.4% to 6.2%
Interest Payment Dates	Monthly, Quarterly, Semi-Annually
Principal Payment Dates	Monthly, Quarterly, Semi-Annually
Purpose of Debt	Equipment Financing

Future minimum lease payments to maturity are (in thousands):

Year Ending September 30	Principal	Interest	Total
2006	\$ 1,039	\$ 138	\$ 1,177
2007	535	100	635
2008	396	78	474
2009	352	60	412
2010	269	45	314
2011-2015	870	62	932
<b>Total</b>	<b>\$ 3,461</b>	<b>\$ 483</b>	<b>\$ 3,944</b>

**(3) Compensated Absences**

There is no repayment schedule to pay the compensated absences amount of \$9,045,000 relating to governmental operations. The General Fund typically liquidates the vacation and sick leave liability.

**(4) Net Pension Obligation**

There is no fixed repayment schedule to fund the actuarial liability for the unfunded net pension obligation totaling \$7,640,000 for the City's Retirement Supplement Plan described in Note 6. The amount will be funded through a contribution rate determined by an independent actuarial study. This amount is significantly less than the total unfunded liability for this plan since actuarial studies only began in 1991, which was after the plan was in place.



# **City of Huntington Beach** **Notes to Financial Statements** **For the Year Ended September 30, 2005**

## **10. LONG-TERM OBLIGATIONS (Continued)**

### **d. Other Long Term Obligations**

#### **(5) Claims Payable**

There is no repayment schedule for the claims payable of \$14,545,000 described in note 8. The City pays the claims upon final settlement.

### **e. Long-Term Obligations – Business Activities**

Below is a schedule of the long-term obligations of business activities (in thousands):

	Note	October 1, 2004	Additions	Retirements	September 30, 2005	Accrued Interest	Principal Due Within One Year
Compensated Absences	10(e)(1)	\$ 710	\$ 201	(125)	\$ 786	\$ -	\$ 162
Leases Payable	10(e)(2)	183	-	(71)	112	-	74
<b>Total Long-Term Obligations - Business Activities</b>		<b>\$ 893</b>	<b>\$ 201</b>	<b>(196)</b>	<b>\$ 898</b>	<b>\$ -</b>	<b>\$ 236</b>

#### **(1) Compensated Absences**

There is no repayment schedule for the compensated absences amount of \$786,000 relating to business activities.

#### **(2) Leases Payable**

The City entered into capital leases for various items:

Year of Issuance	1993 through 2003
Type of Debt	Capital Leases
Original Principal Amount	Various
Security	Lease Agreement
Interest Rates	4.4% to 6.2%
Interest Payment Dates	Monthly, Quarterly, Semi-Annually
Principal Payment Dates	Monthly, Quarterly, Semi-Annually
Purpose of Debt	Equipment Financing



# **City of Huntington Beach** **Notes to Financial Statements** **For the Year Ended September 30, 2005**

## **10. LONG-TERM OBLIGATIONS (Continued)**

### **e. Long-Term Obligations – Business Activities**

#### **(2) Leases Payable**

Future minimum lease payments to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 74	\$ 4	\$ 78
2007	38	-	44
<b>Total</b>	<b>\$ 112</b>	<b>\$ 4</b>	<b>\$ 122</b>

### **f. Long-Term Obligations for which City is not Liable in any Manner**

#### **Obligations Not Recorded in Financial Statements:**

<b>Community Facilities Districts:</b>	<b>Note</b>	<b>October 1, 2004</b>	<b>Additions</b>	<b>Retirements</b>	<b>September 30, 2005</b>
Community Facilities District No. 1990-1 Special Tax Refunding Bonds	10(f)(1)	\$ 1,915	\$ -	\$ (85)	\$ 1,830
Community Facilities District 2000- 1 Special Assessment Tax Bonds	10(f)(2)	15,755	-	(255)	15,500
Community Facilities District NO. 2002-1 Special Assessment Tax Bonds	10(f)(3)	4,900	-	(5)	4,895
Community Facilities District NO. 2003-1 Special Assessment Tax Bonds	10(f)(4)	25,000	-	-	25,000
<b>Total Community Facilities Districts</b>		<b>47,570</b>	<b>-</b>	<b>(345)</b>	<b>47,225</b>
No-Commitment Debt	10(f)(5)	25,500	-	-	25,500
<b>Total Obligations Not Recorded in Financial Statements</b>		<b>\$ 73,070</b>	<b>\$ -</b>	<b>\$ (345)</b>	<b>\$ 72,725</b>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**f. Long-Term Obligations for which City is not Liable in any Manner**

**(1) Community Facilities District 1990-1 2001 Special Tax Refunding Bonds**

Year of Issuance	2001
Type of Debt	Community Facilities District Assessment Bonds
Original Principal Amount	\$2,155,000
Security	Special Tax Levies
Interest Rates	4.00% to 5.40%
Interest Payment Dates	April 1st and October 1 <sup>st</sup>
Principal Payment Dates	October 1 <sup>st</sup>

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ -	\$ -	\$ -
2007	85	92	177
2008	90	88	178
2009	95	84	179
2010	95	80	175
2011-2015	565	321	886
2016-2020	730	149	879
2021	170	5	175
<b>Total</b>	<b>\$ 1,830</b>	<b>\$ 819</b>	<b>\$ 2,649</b>

**(2) Community Facilities District 2000-1 Special Tax Bonds**

Year of Issuance	2001
Type of Debt	Community Facilities District Assessment Bonds
Original Principal Amount	\$16,000,000
Security	Special Tax Levies
Interest Rates	3.80% to 6.40%
Interest Payment Dates	September 1 <sup>st</sup> and March 1 <sup>st</sup>
Principal Payment Dates	September 1 <sup>st</sup>
Purpose of Debt	Public Improvements for Grand Coast Resort



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**f. Long-Term Obligations for which City is not Liable in any Manner**

**(2) Community Facilities District 2000-1 Special Tax Bonds**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 365	\$ 968	\$ 1,233
2007	280	956	1,236
2008	295	943	1,238
2009	305	928	1,233
2010	325	912	1,237
2011-2015	1,915	4,265	6,180
2016-2020	2,590	3,592	6,182
2021-2025	3,535	2,644	6,179
2026-2030	4,830	1,347	6,177
2031	1,160	75	1,235
<b>Total</b>	<b>\$ 15,500</b>	<b>\$ 16,630</b>	<b>\$ 32,130</b>

**(3) Community Facilities District 2002-1 Special Tax Bonds**

Year of Issuance	2002
Type of Debt	Community Facilities District Assessment Bonds
Original Principal Amount	\$4,900,000
Security	Special Tax Levies
Interest Rates	3.80% to 6.20%
Interest Payment Dates	March 1 <sup>st</sup> and September 1 <sup>st</sup>
Principal Payment Dates	September 1 <sup>st</sup>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**f. Long-Term Obligations for which City is not Liable in any Manner**

**(3) Community Facilities District 2002-1 Special Tax Bonds**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 10	\$ 299	\$ 309
2007	15	298	313
2008	25	298	323
2009	30	296	326
2010	40	295	335
2011-2015	340	1,435	1,775
2016-2020	650	1,309	1,959
2021-2025	1,105	1,062	2,167
2026-2030	1,745	642	2,387
2031-2032	935	89	1,024
<b>Total</b>	<b>\$ 4,895</b>	<b>\$ 6,023</b>	<b>\$ 10,918</b>

**(4) Community Facilities District 2003-1 Special Tax Bonds**

Year of Issuance	2003
Type of Debt	Community Facilities District Assessment Bonds
Original Principal Amount	\$25,000,000
Security	Special Tax Levies
Interest Rates	2.65% to 5.85%
Interest Payment Dates	March 1 <sup>st</sup> and September 1 <sup>st</sup>
Principal Payment Dates	September 1 <sup>st</sup>



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**10. LONG-TERM OBLIGATIONS (Continued)**

**f. Long-Term Obligations for which City is not Liable in any Manner**

**(4) Community Facilities District 2003-1 Special Tax Bonds**

Debt service requirements to maturity are (in thousands):

<b>Year Ending September 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2006	\$ 440	\$ 1,366	\$ 1,806
2007	450	1,354	1,804
2008	465	1,340	1,805
2009	485	1,323	1,808
2010	500	1,305	1,805
2011-2015	2,855	6,172	9,027
2016-2020	3,670	5,363	9,033
2021-2025	4,850	4,180	9,030
2026-2030	6,445	2,589	9,034
2031-2032	4,840	577	5,417
<b>Total</b>	<b>\$ 25,000</b>	<b>\$ 25,569</b>	<b>\$ 50,569</b>

**(5) No-Commitment Debt**

The City is involved in various bond issues where the City or Redevelopment Agency issued bonds to assist in the financing of residential developments. A trustee holds all funds and payment cannot be made from any other source than the mortgages received.

These bond issues are (in thousands):

<b>Bond Issue</b>	<b>Outstanding September 30, 2005</b>	<b>Original Issue Amount</b>
Five Points Senior Project Multi-Family Housing Revenue Bonds – Series A – 1991	\$9,500	\$9,500
Huntington Breakers Mortgage Revenue Bonds Refunding Issue – 1996 Series A	\$16,000	\$16,000





**City of Huntington Beach**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**11. CAPITAL ASSETS**

**a. Changes in Capital Assets**

Capital asset activity for the year was (in thousands):

	<b>October 1, 2004</b>	<b>Additions</b>	<b>Dispositions</b>	<b>September 30, 2005</b>
<b>Governmental Activities:</b>				
Capital Assets, Not Depreciated:				
Land	\$ 323,714	\$11,058	\$ (136)	\$ 334,636
Construction in Progress	12,992	-	(12,992)	-
Joint Ventures	1,339	-	(18)	1,321
<b>Total Capital Assets -Not Depreciated</b>	<b>338,045</b>	<b>11,058</b>	<b>(13,146)</b>	<b>335,957</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	114,893	12,426	(81)	127,238
Machinery and Equipment	52,679	5,026	(3,429)	54,276
Infrastructure	280,624	19,832	-	300,456
<b>Total Capital Assets Being Depreciated</b>	<b>448,196</b>	<b>37,284</b>	<b>(3,510)</b>	<b>481,970</b>
Less Accumulated Depreciation:				
Buildings	(26,078)	(1,595)	15	(27,658)
Machinery and Equipment	(35,863)	(2,558)	2,590	(35,831)
Infrastructure	(146,995)	(5,594)	-	(152,589)
<b>Total Accumulated Depreciation</b>	<b>(208,936)</b>	<b>(9,747)</b>	<b>2,605</b>	<b>(216,078)</b>
<b>Total Depreciated - Net</b>	<b>239,260</b>	<b>27,537</b>	<b>(905)</b>	<b>265,892</b>
<b>Total Capital Assets</b>	<b>786,241</b>	<b>48,342</b>	<b>(16,656)</b>	<b>817,927</b>
<b>Total Accumulated Depreciation</b>	<b>(208,936)</b>	<b>(9,747)</b>	<b>2,605</b>	<b>(216,078)</b>
<b>Capital Assets of Governmental Activities – Net of Accumulated Depreciation</b>	<b>\$ 577,305</b>	<b>\$38,595</b>	<b>\$ (14,051)</b>	<b>\$ 601,849</b>



# **City of Huntington Beach** **Notes to Financial Statements** **For the Year Ended September 30, 2005**

## **11. CAPITAL ASSETS (Continued)**

### **a. Changes in Capital Assets**

	October 1, 2004	Additions	Dispositions	September 30, 2005
<b>Business Activities:</b>				
Capital Assets, Not Depreciated:				
Land	\$ 7,840	\$ -	\$ -	\$ 7,840
Construction in Progress	8,070	-	(6,881)	1,189
<b>Total Capital Assets -Not Depreciated</b>	<b>15,910</b>	<b>-</b>	<b>(6,881)</b>	<b>9,029</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	38,401	8,535	(11)	46,925
Machinery and Equipment	10,577	361	(703)	10,235
Infrastructure	90,371	10,108	(237)	100,242
<b>Total Capital Assets Being Depreciated</b>	<b>139,349</b>	<b>19,004</b>	<b>(951)</b>	<b>157,402</b>
Less Accumulated Depreciation:				
Buildings	(8,000)	(712)	10	(8,702)
Machinery and Equipment	(4,137)	(505)	595	(4,047)
Infrastructure	(50,049)	(1,674)	221	(51,502)
<b>Total Accumulated Depreciation</b>	<b>(62,186)</b>	<b>(2,891)</b>	<b>826</b>	<b>(64,251)</b>
<b>Total Depreciated – Net</b>	<b>77,163</b>	<b>16,260</b>	<b>(272)</b>	<b>93,151</b>
<b>Total Capital Assets</b>	<b>155,259</b>	<b>19,004</b>	<b>(7,832)</b>	<b>166,431</b>
Total Accumulated Depreciation	(62,186)	(2,891)	826	(64,251)
<b>Capital Assets of Governmental Activities – Net of Accumulated Depreciation</b>	<b>\$ 93,073</b>	<b>\$ 16,113</b>	<b>\$ (7,006)</b>	<b>\$ 102,180</b>

### **b. Depreciation Expense**

Depreciation in governmental activities was charged to the following functions/programs in the Statement of Activities (in thousands):

<b>Department:</b>	
City Administrator	\$ 29
City Treasurer	5
City Attorney	4
City Clerk	3
Administrative Services	4
Planning	10
Building	30
Fire	574
Information Systems	880
Police	465
Economic Development	1
Community Services	1,010
Library Services	345
Public Works	6,184
Non-Departmental	203
<b>Total</b>	<b>\$ 9,747</b>



**City of Huntington Beach**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**11. CAPITAL ASSETS (Continued)**

**b. Depreciation Expense**

Depreciation in business activities was charged to the following functions/programs in the Statement of Activities (in thousands):

Water	\$ 1,782
Sewer Service	798
Emerald Cove	82
Fire Medical Program	218
Ocean View Estates	11
<b>Total</b>	<b><u>\$ 2,891</u></b>

**c. Capital Assets Acquired via Capital Leases**

At year-end the City's assets acquired through outstanding capital leases (see note 11) were (in thousands):

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
Machinery and Equipment	\$ 4,104	\$ 479
Less: Accumulated Depreciation	(2,065)	(192)
<b>Total</b>	<b><u>\$ 2,039</u></b>	<b><u>\$ 288</u></b>

**12. COMMITMENTS AND CONTINGENCIES**

**a. Legal Actions**

There are legal actions pending against the City resulting from normal operations. In the opinion of management and the City Attorney, the financial resolution of these actions should not have a significant impact on these financial statements.

**b. Huntington Beach Union High School District (HBUHSD) Sharing Agreement**

In 1997 the City Council agreed to pay the HBUHSD certain increased sales tax revenues relating to the development of a new commercial site by Home Depot. The City will retain the first \$50,000 of annual increased sales tax revenues and will pay HBUHSD a portion of the amount over \$50,000 until the year 2015/2016.



## **City of Huntington Beach Notes to Financial Statements For the Year Ended September 30, 2005**

### **12. COMMITMENTS AND CONTINGENCIES (Continued)**

#### **c. Disposition and Development and Owner Participation Agreements**

In June 1999, the Redevelopment Agency entered into a disposition and development agreement with the CIM Group, LLC to allow development of a hotel, retail and restaurant improvements and a public parking facility. The project costs are to be paid initially by the developer with the Agency reimbursing the developer a maximum of \$7.9 million pursuant to a Third Implementation Agreement approved on October 21, 2002.

The Redevelopment Agency entered into a Disposition and Development Agreement with a private developer regarding the development of the Huntington Center Mall. This agreement will require payments by the Agency pending certain actions by the developer. At year-end, no Agency liability had been incurred.

On January 2, 2002 the Redevelopment Agency entered into an Owner Participation Agreement with Fountains Huntington Beach, LLC, to provide \$2 million to meet the cost of providing and maintaining 80 affordable housing units for a period of 60 years. At year-end no liability had been incurred.

On 9/2/03 the Redevelopment Agency Approved a Cooperation Agreement Regarding Capital Improvements in the Southeast Coastal Redevelopment Project with the City. This agreement commits the Redevelopment Agency to reimburse the City for a number of capital improvement projects to be undertaken as part of the Five Year Capital Improvement Program in the Southeast Redevelopment project area starting in FY 2003/04 as they are undertaken.

#### **d. Redevelopment Agency Debt to City**

The City has advanced money to the Redevelopment Agency for capital improvements and operations. There is no fixed repayment schedule for these advances and the Council/Agency has no requirement for the timing of any repayment. Accordingly, the City has not recorded the advances in the accompanying financial statements. These advances have been made since 1984 and include direct advances of cash, overhead charges, deferred development fees, deferred land sales, and interest.



**City of Huntington Beach**  
**Notes to Financial Statements**  
**For the Year Ended September 30, 2005**

**12. COMMITMENTS AND CONTINGENCIES (Continued)**

**d. Redevelopment Agency Debt to City**

Below is a schedule of the activity for the year (in thousands):

	<b>Amount @ 10/1/04</b>	<b>Reductions</b>	<b>Additions</b>	<b>Amount @ 9/30/05</b>
<b>General Fund</b>				
Direct Advances	\$ 4,598	\$ (1,032)	\$ 200	\$ 3,766
Overhead Charges	6,567	-	-	6,567
Land Sales	32,833	-	-	32,833
Interest	36,002	(3,893)	2,259	34,368
<b>Total General Fund</b>	<b>80,000</b>	<b>(4,925)</b>	<b>2,459</b>	<b>77,534</b>
<b>Sewer Fund</b>				
Direct Advances	131	-	-	131
Deferred Development Fees	79	(41)	-	38
Interest	138	-	51	189
<b>Total Sewer Fund</b>	<b>348</b>	<b>(41)</b>	<b>51</b>	<b>358</b>
<b>Drainage Fund</b>				
Direct Advances	250	-	-	250
Deferred Development Fees	54	-	-	54
Interest	356	-	18	374
<b>Total Drainage Fund</b>	<b>660</b>	<b>-</b>	<b>18</b>	<b>678</b>
<b>Park Acquisition and Development Fund</b>				
Direct Advances	1,741	-	-	1,741
Deferred Development Fees	247	-	-	247
Interest	2,588	-	129	2,717
<b>Total Park Acquisition and Development Fund</b>	<b>4,576</b>	<b>-</b>	<b>129</b>	<b>4,705</b>
<b>Capital Improvement Fund</b>				
Direct Advances	200	-	270	470
Interest	295	-	20	315
<b>Total Capital Improvement Fund</b>	<b>495</b>	<b>-</b>	<b>290</b>	<b>785</b>
<b>Water Fund</b>				
Direct Advances	1,138	-	-	1,138
Interest	2,067	-	90	2,157
<b>Total Water Fund</b>	<b>3,205</b>	<b>-</b>	<b>90</b>	<b>3,295</b>
<b>Total All Funds</b>	<b>\$ 89,284</b>	<b>\$ (4,966)</b>	<b>\$ 3,037</b>	<b>\$ 87,355</b>

The cash repayments are recorded as transfers from the Redevelopment Agency to the fund receiving the repayment.



**City of Huntington Beach  
Notes to Financial Statements  
For the Year Ended September 30, 2005**

**13. OTHER INFORMATION**

**a. Expenditures Exceeding Appropriations**

Expenditures exceeded appropriations at the departmental level in the funds shown (in thousands):

General Fund:

Fire	\$ 801
Debt Service Principal	804

Other Major Funds:

Grants - Public Works	3
Redevelopment Agency - Non Departmental	170
Redevelopment Agency - Debt Service Principal	812
Redevelopment Agency - Debt Service Interest	929

**b. Fund and Accumulated Deficits**

The Drainage Fund had total fund deficit of \$870,000 at year-end. It will be eliminated through monitoring of expenditures.

## **REQUIRED SUPPLEMENTARY INFORMATION**



## **City of Huntington Beach Required Supplementary Information For the Year Ended September 30, 2005**

### **Budgetary Information**

The City Council must annually adopt a budget by September 30 of the prior fiscal year. The budgeted expenditures become the appropriations to the various departments. The budget includes estimates for revenue that, along with the appropriations, compute the budgetary fund balance. The appropriated budget covers substantially all governmental fund expenditures with the exception of capital improvement projects (capital projects funds) carried forward from prior years, which constitute a legally authorized non-appropriated budget. The City Council may amend the budget at any time. The City Administrator may transfer funds between object purposes (personal services, operating expenditures or capital outlay expenditures) within the same department without changing the total departmental budget. The City Administrator may also transfer appropriated monies between different departments within the same fund without changing the total budget of that fund. Department heads may transfer funds from like object categories of the same department. The City Council must approve any changes to departmental budgets. Expenditures may not exceed appropriations at the departmental level. All unused appropriations lapse at year-end. During the year the City Council made several supplemental appropriations, which included carryovers of prior year encumbrances all of which were within available fund balance and estimated revenue amounts.

The City Council adopts governmental fund budgets consistent with generally accepted principles as legally required. There are no significant non-budgeted financial activities. Revenues for special revenue funds are budgeted by entitlements, grants and estimates of future development and economic growth. Expenditures and transfers are budgeted based upon available financial resources.

On or before May 31 of each year, each department submits data to the City Administrator for budget preparation. Staff prepares the budget by fund, function and activity. The budget includes information on past years, current year estimates and requested appropriations for the next fiscal year. Before August 1, the City Council receives the proposed budget. The City Council holds public hearings and may amend the budget by a majority vote. Changes to the budget must be within the available revenues and reserves.

These financial statements show budgetary data for the General, Special Revenue, Capital Projects and Debt Service Funds. The original budget, revised budget, actual expenditures, and variance amounts are shown.

The City uses an encumbrance system as an aid in controlling expenditures. When the City issues a purchase order for goods or services, it records an encumbrance until the vendor delivers the goods or performs the service. At year-end, the City reports all outstanding encumbrances as reservations of fund balance in governmental fund types. The City reappropriates these encumbrances into the new fiscal year.

Below is a schedule of a budget to actual comparison of the General and Grant Fund's Revenues, and Expenditures (in thousands):



**CITY OF HUNTINGTON BEACH**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES - BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2005**

(In Thousands)

**General Fund**

<b>REVENUES:</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance</b>
Property Taxes	\$49,870	\$49,870	\$48,119	\$ (1,751)
Sales Taxes	21,464	21,464	22,122	658
Utility Taxes	19,564	19,564	20,004	440
Other Taxes	9,776	9,776	13,068	3,292
Licenses and Permits	6,851	6,851	7,432	581
Fines, Forfeitures and Penalties	5,110	5,110	4,365	(745)
From Use of Money and Property	8,305	8,305	9,736	1,431
From Other Agencies	5,579	5,579	9,672	4,093
Charges for Current Service	7,032	7,032	7,419	387
Other	3,693	3,693	7,416	3,723
<b>TOTAL REVENUES</b>	<b>137,244</b>	<b>137,244</b>	<b>149,353</b>	<b>12,109</b>
<b>EXPENDITURES:</b>				
Current:				
City Council	284	280	254	26
City Administrator	1,334	2,034	1,582	452
City Treasurer	1,699	1,709	1,547	162
City Attorney	3,250	3,289	2,771	518
City Clerk	858	855	679	176
Administrative Services	7,928	7,002	5,731	1,271
Finance	2,903	2,765	2,501	264
Planning	2,825	2,884	2,403	481
Building	3,535	3,529	3,291	238
Fire	21,271	21,221	22,022	(801)
Information Services	9,887	9,215	5,726	3,489
Police	46,566	47,014	45,466	1,548
Economic Development	1,699	1,375	776	599
Community Services	11,789	12,040	11,030	1,010
Library Services	2,771	2,794	2,707	87
Public Works	20,859	20,837	19,124	1,713
Non-Departmental	14,800	13,871	12,145	1,726
Debt Service:				
Principal	1,443	1,249	2,053	(804)
Interest	-	194	194	-
<b>TOTAL EXPENDITURES</b>	<b>155,701</b>	<b>154,157</b>	<b>142,002</b>	<b>12,155</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(18,457)</b>	<b>(16,913)</b>	<b>7,351</b>	<b>24,264</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	11,517	11,517	11,873	356
Proceeds of Long-Term Debt			342	342
Transfers Out	(6,628)	(7,000)	(7,612)	(612)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>4,889</b>	<b>4,517</b>	<b>4,603</b>	<b>86</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(13,568)</b>	<b>(12,396)</b>	<b>11,954</b>	<b>24,350</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>26,332</b>	<b>26,332</b>	<b>26,332</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 12,764</b>	<b>\$ 13,936</b>	<b>\$ 38,286</b>	<b>\$ 24,350</b>

CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)

Public Financing Authority

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
From Use of Money and Property	\$ -	\$ -	\$ 434	434
<b>EXPENDITURES:</b>				
Debt Service:				
Principal	\$ 3,425	\$ 3,425	\$ 3,425	-
Interest	3,585	3,585	3,558	27
<b>TOTAL EXPENDITURES</b>	<b>7,010</b>	<b>7,010</b>	<b>6,983</b>	<b>27</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(7,010)</b>	<b>(7,010)</b>	<b>(6,549)</b>	<b>461</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	7,088	7,088	6,191	(897)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>7,088</b>	<b>7,088</b>	<b>6,191</b>	<b>(897)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>78</b>	<b>78</b>	<b>(358)</b>	<b>(436)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>7,516</b>	<b>7,516</b>	<b>7,516</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 7,594</b>	<b>\$ 7,594</b>	<b>\$ 7,158</b>	<b>(436)</b>

Redevelopment Agency

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
Property Taxes	\$ 7,720	\$ 7,720	\$ 11,597	3,877
Other Taxes	1,219	1,219	-	(1,219)
From Use of Money and Property	908	908	817	(91)
From Other Agencies	-	-	94	94
Other	60	60	14,227	14,167
<b>TOTAL REVENUES</b>	<b>9,907</b>	<b>9,907</b>	<b>26,735</b>	<b>16,828</b>
<b>EXPENDITURES:</b>				
Current:				
City Attorney	500	500	77	423
Economic Development	1,402	1,967	1,143	824
Non-Departmental	612	612	782	(170)
Capital Outlay	4,650	4,650	1,326	3,324
Debt Service:				
Principal	1,800	1,800	2,612	(812)
Interest	718	718	1,647	(929)
<b>TOTAL EXPENDITURES</b>	<b>9,682</b>	<b>10,247</b>	<b>7,587</b>	<b>2,660</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>225</b>	<b>(340)</b>	<b>19,148</b>	<b>14,168</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	2,040	2,040	270	1,770
Proceeds of Long-Term Debt	-	-	655	(655)
Transfers Out	(7,024)	(7,265)	(5,096)	2,169
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(4,984)</b>	<b>(5,225)</b>	<b>(4,171)</b>	<b>3,284</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES</b>	<b>(4,759)</b>	<b>(5,565)</b>	<b>14,977</b>	<b>17,452</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>14,130</b>	<b>14,130</b>	<b>14,130</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 9,371</b>	<b>\$ 8,565</b>	<b>\$ 29,107</b>	<b>17,452</b>

**CITY OF HUNTINGTON BEACH  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)**

**Grants**

**REVENUES:**

From Use of Money and Property  
From Other Agencies  
Other

**TOTAL REVENUES**

**EXPENDITURES:**

Current:

Planning	329	169	145	24
Fire	260	828	343	485
Police	500	580	247	333
Economic Development	3,223	3,683	947	2,736
Community Services	330	453	322	131
Library Services	116	174	144	30
Public Works	47	166	169	(3)
Capital Outlay	9,160	11,499	3,536	7,963
Debt Service:				
Principal	90	90	90	-
Interest	170	170	170	-

**TOTAL EXPENDITURES**

**EXCESS OF REVENUES OVER (UNDER) EXPENDITURES**

**OTHER FINANCING SOURCES (USES):**

Transfers In	-	499	283	(216)
Proceeds of Long-Term Debt	-		105	105
Transfers Out	-	580	(1,323)	(1,903)

**TOTAL OTHER FINANCING SOURCES (USES)**

**EXCESS OF REVENUES AND OTHER SOURCES OVER**

**(UNDER) EXPENDITURES AND OTHER USES**

**FUND BALANCE - BEGINNING OF YEAR**

**FUND BALANCE - END OF YEAR**

	Original Budget	Final Budget	Actual	Variance
	\$ 375	\$ 375	\$ 553	\$ 178
	12,561	12,561	5,649	(6,912)
	12	12	14	2
<b>TOTAL REVENUES</b>	<b>12,948</b>	<b>12,948</b>	<b>6,216</b>	<b>(6,732)</b>
	329	169	145	24
	260	828	343	485
	500	580	247	333
	3,223	3,683	947	2,736
	330	453	322	131
	116	174	144	30
	47	166	169	(3)
	9,160	11,499	3,536	7,963
	90	90	90	-
	170	170	170	-
<b>TOTAL EXPENDITURES</b>	<b>14,225</b>	<b>17,812</b>	<b>6,113</b>	<b>11,699</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,277)</b>	<b>(4,864)</b>	<b>103</b>	<b>4,967</b>
	-	499	283	(216)
	-		105	105
	-	580	(1,323)	(1,903)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>1,079</b>	<b>(935)</b>	<b>(2,014)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(1,277)</b>	<b>(3,785)</b>	<b>(832)</b>	<b>2,953</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>5,115</b>	<b>5,115</b>	<b>5,115</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 3,838</b>	<b>\$ 1,330</b>	<b>\$ 4,283</b>	<b>\$ 2,953</b>

**CITY OF HUNTINGTON BEACH  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
SCHEDULE OF FUNDING PROGRESS  
RETIREMENT PLAN- NORMAL**

(In Thousands)

Actuarial Valuation Date	Entry Age Normal Actuarial Accrued Liability (AAL)	Actuarial Value of Assets	Excess Assets (Unfunded Liability)	Funded Ratio	Covered Payroll	Excess Assets as a Percentage of Covered Payroll
<b>2001</b>						
Safety	\$ 283,438	\$ 295,280	\$ 11,842	104.2%	\$ 27,717	42.7%
Non Safety	177,467	237,108	59,641	133.6%	35,985	165.7%
<b>Total</b>	<b>\$ 460,905</b>	<b>\$ 532,388</b>	<b>\$ 71,483</b>	<b>115.5%</b>	<b>\$ 63,702</b>	<b>112.2%</b>
<b>2002</b>						
Safety	\$299,052	\$272,367	\$ (26,685)	91.1%	\$ 23,270	(114.7%)
Non Safety	191,997	223,364	31,367	116.3%	37,811	83.0%
<b>Total</b>	<b>\$ 491,049</b>	<b>\$ 495,731</b>	<b>\$ 4,682</b>	<b>101.0%</b>	<b>\$ 61,081</b>	<b>7.7%</b>
<b>2003</b>						
Safety	\$ 320,670	\$ 270,538	\$ (50,132)	84.4%	\$ 28,919	(173.4%)
Non Safety	222,221	225,689	3,468	101.6%	36,918	9.4%
<b>Total</b>	<b>\$ 542,891</b>	<b>\$ 496,227</b>	<b>\$ (46,664)</b>	<b>91.4%</b>	<b>\$ 65,837</b>	<b>(70.9%)</b>
<b>2004</b>						
Safety	\$ 339,301	\$ 280,745	\$ (58,556)	104.2%	\$ 27,412	(213.6%)
Non Safety	234,602	236,189	1,587	100.7%	36,143	4.4%
<b>Total</b>	<b>\$ 573,903</b>	<b>\$ 516,934</b>	<b>\$ (56,969)</b>	<b>115.5%</b>	<b>\$ 63,555</b>	<b>(89.6%)</b>

**CITY OF HUNTINGTON BEACH  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
SCHEDULE OF FUNDING PROGRESS  
RETIREMENT PLAN- SUPPLEMENTAL**

(In Thousands)

Actuarial Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
6/30/95 Update	15,776	-290	-16,066	1.8%	51,779	-31.0%
6/30/96 Actual	16,071	-120	-16,191	0.7%	54,368	-29.8%
6/30/1997 Actual	25,342	2,334	-23,008	-10.1%	49,881	-46.1%
6/30/98 Update	26,493	3,251	-23,242	-14.0%	48,585	-47.8%
6/30/99 Actual	28,601	4,162	-24,439	-17.0%	50,723	-48.2%
6/30/2000 Update	28,844	5,077	-23,767	-21.4%	57,674	-41.2%
6/30/2001 Actual	36,453	6,678	-29,775	-22.4%	63,345	-47.0%
6/30/2002 Update	35,524	8,775	-26,749	-32.8%	65,137	-41.1%
6/30/2003 Actual	40,436	10,474	-29,962	-35.0%	65,227	-45.9%
6/30/2004 Update	40,978	11,936	-29,042	-41.1%	63,538	-45.7%
6/30/2005 Actual	40,873	14,227	-26,646	-53.4%	65,843	-40.5%

## **SUPPLEMENTARY INFORMATION**

**THIS PAGE INTENTIONALLY LEFT BLANK**

## Non-Major Governmental Funds

**Special Revenue Funds** account for revenues and expenditures legally restricted to a specific purpose.

- The **Gas Tax Fund** accounts for moneys allocated under the Streets and Highways Code of California. Expenditures may be made for any street-related purpose allowed under the code.
- The **Drainage Fund** accounts for fees received from developers to construct and maintain the City's drainage system.
- The **Narcotics Forfeiture Fund** accounts for moneys received from the State of California for special law enforcement expenditures.
- The **Transportation Fund** accounts for moneys received from the countywide ½ cent sales tax and other specific sources to be spent on transportation-related expenditures.
- The **Air Quality Fund** accounts for revenues from the local agencies used to improve local air quality.
- The **Traffic Impact Fee Fund** accounts for moneys received from the traffic impact fee levied on new developments in the City.
- The **Fourth of July Parade Fund** accounts for the activities of the City's annual parade.
- The **Special Library Fund** accounts for revenues and expenditures related to the expanded Central Library including some construction.
- The **Cultural Affairs Fund** accounts revenues and expenditures associated with the City's Art Center.
- The **Park Acquisition and Development Fund** accounts for fees received from developers to develop and maintain the City's park system.

**Debt Service Funds** account for the receipts for and payment of general long-term debt.

- The **Reservoir Hill Fund** records the debt service activity of the Reservoir Hill Assessment bonds.
- The **Property Tax Refund Fund** records the payment of claims for the Jarvis Tax Case and debt for the Judgment Obligation Bonds.

**Capital Projects Funds** account for the acquisition and construction of capital assets other than those financed by proprietary fund types.

- The **Holly Seacliff Fund** accounts for capital improvements made to the Holly Seacliff area.
- The **Parking in-lieu Fund** records construction activity from developers who pay fees in-lieu of directly providing parking facilities to the City
- The **Sewer Development Fund** accounts for fees received from developers to construct and maintain sewer facilities.
- The **Infrastructure Fund** records activity for certain designated infrastructure related expenditures.

CITY OF HUNTINGTON BEACH  
BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2005  
(In Thousands)

**ASSETS:**

Cash and Investments  
Other Receivables  
Due from Other Funds  
Other Assets

**TOTAL ASSETS**

SPECIAL REVENUE FUNDS				
Gas Tax	Drainage	Narcotics Forfeiture	Transportation	Air Quality
\$ 6,595	\$ -	\$ 608	\$ 5,390	\$ 698
850	-	7	412	6
863	-	-	-	-
-	-	-	-	-
<b>8,308</b>	<b>-</b>	<b>615</b>	<b>5,802</b>	<b>704</b>

**LIABILITIES AND FUND BALANCES**

**LIABILITIES:**

Accounts Payable  
Accrued Payroll  
Due to Other Funds  
Advances from Other Funds  
Deposits Payable

**TOTAL LIABILITIES**

**FUND BALANCES:**

Reserved for:

Encumbrances

**Total Reserved Fund Balances**

**Unreserved Fund Balances**

Unreserved, Designated for Future Expenditures  
Undesignated

**Total Unreserved Fund Balance**

**TOTAL FUND BALANCES**

**TOTAL LIABILITIES AND FUND BALANCES**

192	7	-	551	-
6	-	-	11	-
-	863	-	-	-
-	-	-	-	-
-	-	-	-	-
<b>199</b>	<b>870</b>	<b>-</b>	<b>562</b>	<b>-</b>
1,858	-	1	3,892	5
<b>1,858</b>	<b>-</b>	<b>1</b>	<b>3,892</b>	<b>5</b>
4,611	-	29	-	5
1,641	(870)	585	1,348	694
<b>6,252</b>	<b>(870)</b>	<b>614</b>	<b>1,348</b>	<b>699</b>
<b>8,110</b>	<b>(870)</b>	<b>615</b>	<b>5,240</b>	<b>704</b>
<b>\$ 8,308</b>	<b>\$ -</b>	<b>\$ 615</b>	<b>\$ 5,802</b>	<b>\$ 704</b>



SPECIAL REVENUE FUNDS					
Traffic Impact	Fourth of July	Special Library	Cultural Affairs	Park Acquisition and Development	Total Special Revenue Funds
\$ 8,940	\$ 129	\$ 1,126	\$ 137	\$ 6,251	\$ 29,874
72	2	9		118	1,476
-	-	-	-	-	863
-	-	-	-	1,294	1,294
<b>9,012</b>	<b>131</b>	<b>1,135</b>	<b>137</b>	<b>7,663</b>	<b>33,507</b>
25	11	18	9	102	915
2	-	8	4	3	34
-	-	-	-	-	863
-	-	-	-	1,836	1,836
-	-	-	-	1,294	1,294
<b>27</b>	<b>11</b>	<b>26</b>	<b>13</b>	<b>3,235</b>	<b>4,942</b>
1,125	9	18	10	3,814	10,732
<b>1,125</b>	<b>9</b>	<b>18</b>	<b>10</b>	<b>3,814</b>	<b>10,732</b>
4,068	-	518	-	614	9,845
3,792	111	573	114	-	7,988
<b>7,860</b>	<b>111</b>	<b>1,091</b>	<b>114</b>	<b>614</b>	<b>17,833</b>
<b>8,985</b>	<b>120</b>	<b>1,109</b>	<b>124</b>	<b>4,428</b>	<b>28,565</b>
<b>\$ 9,012</b>	<b>\$ 131</b>	<b>\$ 1,135</b>	<b>\$ 137</b>	<b>\$ 7,663</b>	<b>\$ 33,507</b>

CITY OF HUNTINGTON BEACH  
BALANCE SHEET  
NON-MAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2005  
(In Thousands)

**ASSETS:**

Cash and Investments  
Cash and Investments with Fiscal Agent  
Other Receivables  
Due from Other Funds  
Other Assets  
**TOTAL ASSETS**

DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS
Reservoir Hill Assessment District	Property Tax Refund	Total Debt Service Funds	Holly Seadiff
\$ -	\$ 1,436	\$ 1,436	\$ 180
-	2,476	2,476	-
-	12	12	1
-	-	-	-
-	-	-	-
-	3,924	3,924	181

**LIABILITIES AND FUND BALANCES**

**LIABILITIES:**

Accounts Payable - 2 2 -  
Accrued Payroll - - - -  
Due to Other Funds - - - -  
Deposits Payable - - - -  
**TOTAL LIABILITIES** - 2 2 -

**FUND BALANCES:**

Reserved for:  
  Encumbrances - 6 6 -  
**Total Reserved Fund Balances** - 6 6 -  
**Unreserved Fund Balances**  
  Unreserved, Designated for Future Expenditures - 81 81 153  
  Undesignated - 3,835 3,835 28  
**Total Unreserved Fund Balance** - 3,916 3,916 181  
**TOTAL FUND BALANCES** - 3,922 3,922 181  
**TOTAL LIABILITIES AND FUND BALANCES**  
\$ - \$ 3,924 \$ 3,924 \$ 181

CAPITAL PROJECTS FUNDS					
Parking in-lieu	Sewer Development	Infrastructure	Total Capital Projects Funds	Total Non-Major Governmental Funds	
\$ 378	\$ 348	\$ 65	\$ 971	\$ 32,281	
-	-	-	-	2,476	
3	17	-	21	1,509	
-	-	-	-	863	
-	-	-	-	1,294	
<b>381</b>	<b>365</b>	<b>65</b>	<b>992</b>	<b>38,423</b>	
-	-	-	-	917	
-	-	-	-	34	
-	-	-	-	863	
-	-	-	-	1,294	
-	-	-	-	<b>3,108</b>	
-	16	-	16	10,754	
-	<b>16</b>		<b>16</b>	<b>10,754</b>	
			153	10,079	
381	349	65	823	12,646	
<b>381</b>	<b>349</b>	<b>65</b>	<b>976</b>	<b>22,725</b>	
<b>381</b>	<b>365</b>	<b>65</b>	<b>992</b>	<b>33,479</b>	
<b>\$ 381</b>	<b>\$ 365</b>	<b>\$ 65</b>	<b>\$ 992</b>	<b>\$ 36,587</b>	

CITY OF HUNTINGTON BEACH  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005  
 (In Thousands)

	Special Revenue Funds				
	Gas Tax	Drainage	Narcotics Forfeiture	Transportation	Air Quality
<b>REVENUES:</b>					
Sales Taxes	\$ -	\$ -	\$ -	\$ 2,218	\$ -
Licenses and Permits	-	-	-	-	-
From Use of Money and Property	199	-	17	122	12
From Other Agencies	3,945	-	52	-	242
Charges for Current Service	-	28	-	-	-
Other	2	-	-	2	-
<b>TOTAL REVENUES</b>	<b>4,146</b>	<b>28</b>	<b>69</b>	<b>2,342</b>	<b>254</b>
<b>EXPENDITURES:</b>					
Current:					
Police	-	-	65	-	-
Community Services	-	-	-	-	-
Library Services	-	-	-	-	-
Public Works	1,538	-	-	448	39
Capital Outlay	227	-	37	2,726	6
Debt Service:					
Principal	-	-	39	-	-
Interest	-	-	5	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,825</b>	<b>-</b>	<b>146</b>	<b>3,174</b>	<b>45</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>					
<b>EXPENDITURES</b>	<b>2,321</b>	<b>28</b>	<b>(77)</b>	<b>(832)</b>	<b>209</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	-	212	660	-
Transfers Out	(900)	-	(119)	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(900)</b>	<b>-</b>	<b>93</b>	<b>660</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER</b>					
<b>(UNDER) EXPENDITURES AND OTHER USES</b>	<b>1,421</b>	<b>28</b>	<b>16</b>	<b>(142)</b>	<b>209</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>6,689</b>	<b>(898)</b>	<b>599</b>	<b>5,382</b>	<b>495</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 8,110</b>	<b>\$ (870)</b>	<b>\$ 615</b>	<b>\$ 5,240</b>	<b>\$ 704</b>

Special Revenue Funds					
Traffic Impact	Fourth of July	Special Library	Cultural Affairs	Park Acquisition and Development	Total Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,218
11	-	-	-	-	11
179	27	427	8	58	1,049
-	-	-	-	515	4,754
1,706	152	650	200	1,088	3,824
-	179	97	46	75	401
<b>1,896</b>	<b>358</b>	<b>1,174</b>	<b>254</b>	<b>1,736</b>	<b>12,257</b>
-	-	-	-	-	65
-	321	-	371	277	969
-	-	1,118	-	-	1,118
137	-	-	-	-	2,222
397	-	-	-	117	3,510
-	-	-	-	-	39
-	-	-	-	-	5
<b>534</b>	<b>321</b>	<b>1,118</b>	<b>371</b>	<b>394</b>	<b>7,928</b>
<b>1,362</b>	<b>37</b>	<b>56</b>	<b>(117)</b>	<b>1,342</b>	<b>4,329</b>
23	-	-	105	580	1,610
(12)	(55)	(465)	-	-	(1,551)
<b>11</b>	<b>(55)</b>	<b>(465)</b>	<b>105</b>	<b>580</b>	<b>59</b>
<b>1,373</b>	<b>(18)</b>	<b>(409)</b>	<b>(12)</b>	<b>1,922</b>	<b>4,388</b>
7,612	138	1,518	136	2,506	24,177
<b>\$ 8,985</b>	<b>\$ 120</b>	<b>\$ 1,109</b>	<b>\$ 124</b>	<b>\$ 4,428</b>	<b>\$ 28,565</b>

CITY OF HUNTINGTON BEACH  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2005  
 (In Thousands)  
 (continued)

	DEBT SERVICE FUNDS			CAPITAL PROJECTS FUNDS	
	Reservoir Hill Assessment District	Property Tax Refund	Total Debt Service Funds	Capital Improvement	Holly Seadiff
<b>REVENUES</b>					
Sales Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and Permits	-	-	-	-	-
From Use of Money and Property	-	82	82	-	14
From Other Agencies	-	-	-	-	-
Charges for Current Service	-	-	-	-	-
Other	-	-	-	-	-
<b>TOTAL REVENUES</b>	-	82	82	-	14
<b>EXPENDITURES</b>					
Current:					
City Administrator	-	335	335	-	-
Police	-	-	-	-	-
Community Services	-	-	-	-	-
Library Services	-	-	-	-	-
Public Works	-	-	-	-	-
Non-Departmental	-	112	112	-	-
Capital Outlay	-	-	-	-	513
Debt Service:					
Principal	-	255	255	-	-
Interest	-	425	425	-	-
<b>TOTAL EXPENDITURES</b>	-	1,127	1,127	-	513
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	-	(1,045)	(1,045)	-	(499)
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	-	598	598	-	-
Transfers Out	(65)	-	(65)	(359)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	(65)	598	533	(359)	-
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	(65)	(447)	(512)	(359)	(499)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	65	4,369	4,434	359	680
<b>FUND BALANCE - END OF YEAR</b>	\$ -	\$ 3,922	\$ 3,922	\$ -	\$ 181

CAPITAL PROJECTS FUNDS					Total Non-Major Governmental Funds
Parking In-Lieu	Sewer Development	Infrastructure	Total Capital Projects Funds		
\$ -	\$ -	\$ -	\$ -	\$ -	2,218
-	14	-	14	-	25
48	-	-	62	-	1,193
-	10	-	10	-	4,764
-	127	-	127	-	3,951
-	522	-	522	-	923
<b>48</b>	<b>673</b>	<b>-</b>	<b>735</b>	<b>-</b>	<b>13,074</b>
-	-	-	-	-	335
-	-	-	-	-	65
-	-	-	-	-	969
-	-	-	-	-	1,118
-	20	-	20	-	2,242
-	-	-	-	-	112
-	180	-	693	-	4,203
-	-	-	-	-	294
-	-	-	-	-	430
<b>-</b>	<b>200</b>	<b>-</b>	<b>713</b>	<b>-</b>	<b>9,768</b>
<b>48</b>	<b>473</b>	<b>-</b>	<b>22</b>	<b>-</b>	<b>3,306</b>
-	-	65	65	-	2,273
-	-	-	(359)	-	(1,975)
<b>-</b>	<b>-</b>	<b>65</b>	<b>(294)</b>	<b>-</b>	<b>298</b>
<b>48</b>	<b>473</b>	<b>65</b>	<b>(272)</b>	<b>-</b>	<b>3,604</b>
333	(108)	-	1,264	-	29,875
<b>\$ 381</b>	<b>\$ 365</b>	<b>\$ 65</b>	<b>\$ 992</b>	<b>\$ -</b>	<b>\$ 33,479</b>

CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)

Gas Tax

REVENUES:	Original Budget	Final Budget	Actual	Variance
From Use of Money and Property	\$ 112	\$ 112	\$ 199	\$ 87
From Other Agencies	3,400	3,400	3,945	545
Other	-	-	2	2
<b>TOTAL REVENUES</b>	<b>3,512</b>	<b>3,512</b>	<b>4,146</b>	<b>634</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	4,689	4,689	1,598	3,091
Capital Outlay	738	738	227	511
<b>TOTAL EXPENDITURES</b>	<b>5,427</b>	<b>5,427</b>	<b>1,825</b>	<b>3,602</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	<b>(1,915)</b>	<b>(1,915)</b>	<b>2,321</b>	<b>4,236</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(900)	(900)	(900)	-
<b>EXCESS OF REVENUES AND OTHER SOURCES</b>				
<b>OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(2,815)</b>	<b>(2,815)</b>	<b>1,421</b>	<b>4,236</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>6,689</b>	<b>6,689</b>	<b>6,689</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 3,874</b>	<b>\$ 3,874</b>	<b>\$ 8,110</b>	<b>\$ 4,236</b>

Drainage

REVENUES:	Original Budget	Final Budget	Actual	Variance
Charges for Current Service	\$ 150	\$ 150	\$ 28	\$ (122)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>(898)</b>	<b>(898)</b>	<b>(898)</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ (748)</b>	<b>\$ (748)</b>	<b>\$ (870)</b>	<b>\$ (122)</b>



CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)  
(continued)

Narcotics Forfeiture

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
From Use of Money and Property	\$ 15	\$ 15	\$ 17	\$ 3
From Other Agencies	163	163	52	(111)
<b>TOTAL REVENUES</b>	<b>178</b>	<b>178</b>	<b>69</b>	<b>(109)</b>
<b>EXPENDITURES:</b>				
Current:				
Police	123	123	65	58
Capital Outlay	133	133	37	96
Debt Service:				
Principal	39	39	39	-
Interest	5	5	5	-
<b>TOTAL EXPENDITURES</b>	<b>300</b>	<b>300</b>	<b>146</b>	<b>154</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	212	212	212	-
Transfers Out	(119)	(119)	(119)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>93</b>	<b>93</b>	<b>93</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(29)</b>	<b>(29)</b>	<b>16</b>	<b>(263)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>599</b>	<b>599</b>	<b>599</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 570</b>	<b>\$ 570</b>	<b>\$ 615</b>	<b>\$ (263)</b>

Transportation

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
Sales Taxes	\$ 2,200	\$ 2,200	\$ 2,218	\$ 18
From Use of Money and Property	80	80	122	42
Other	-	-	2	2
<b>TOTAL REVENUES</b>	<b>2,280</b>	<b>2,280</b>	<b>2,342</b>	<b>62</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	1,027	1,028	448	580
Capital Outlay	6,451	6,243	2,726	3,517
<b>TOTAL EXPENDITURES</b>	<b>7,478</b>	<b>7,271</b>	<b>3,174</b>	<b>4,097</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(5,198)</b>	<b>(4,991)</b>	<b>(832)</b>	<b>4,159</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	690	690	-
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(5,198)</b>	<b>(4,301)</b>	<b>(142)</b>	<b>4,159</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>5,382</b>	<b>5,382</b>	<b>5,382</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 184</b>	<b>\$ 1,081</b>	<b>\$ 5,240</b>	<b>\$ 4,159</b>

CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005

(In Thousands)

(continued)

Air Quality

**REVENUES:**

From Use of Money and Property  
From Other Agencies  
Other

**TOTAL REVENUES**

**EXPENDITURES:**

Current:

Public Works  
Capital Outlay

**TOTAL EXPENDITURES**

**EXCESS OF REVENUES OVER (UNDER)**

**EXPENDITURES**

**OTHER FINANCING SOURCES (USES):**

Transfers Out

**EXCESS OF REVENUES AND OTHER SOURCES OVER**

**(UNDER) EXPENDITURES AND OTHER USES**

**FUND BALANCE - BEGINNING OF YEAR**

**FUND BALANCE - END OF YEAR**

	Original Budget	Final Budget	Actual	Variance
\$	6	\$ 6	\$ 12	\$ 6
	220	220	242	22
	1	1	-	(1)
<b>TOTAL REVENUES</b>	<b>227</b>	<b>227</b>	<b>254</b>	<b>27</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	148	148	39	109
Capital Outlay	23	23	6	17
<b>TOTAL EXPENDITURES</b>	<b>171</b>	<b>171</b>	<b>45</b>	<b>126</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>	<b>56</b>	<b>56</b>	<b>209</b>	<b>153</b>
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(200)	(200)	-	200
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER</b>	<b>(144)</b>	<b>(144)</b>	<b>209</b>	<b>353</b>
<b>(UNDER) EXPENDITURES AND OTHER USES</b>	<b>495</b>	<b>495</b>	<b>495</b>	<b>-</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>\$ 351</b>	<b>\$ 351</b>	<b>\$ 704</b>	<b>\$ 353</b>
<b>FUND BALANCE - END OF YEAR</b>				

Traffic Impact

**REVENUES:**

Licenses and Permits  
From Use of Money and Property  
Charges for Current Service

**TOTAL REVENUES**

**EXPENDITURES:**

Current:

Public Works  
Capital Outlay

**TOTAL EXPENDITURES**

**EXCESS OF REVENUES OVER (UNDER)**

**EXPENDITURES**

**OTHER FINANCING SOURCES (USES):**

Transfers In

Transfers Out

**TOTAL OTHER FINANCING SOURCES (USES)**

**EXCESS OF REVENUES AND OTHER SOURCES OVER**

**(UNDER) EXPENDITURES AND OTHER USES**

**FUND BALANCE - BEGINNING OF YEAR**

**FUND BALANCE - END OF YEAR**

	Original Budget	Final Budget	Actual	Variance
\$	-	\$ -	\$ 11	\$ 11
	151	151	179	28
	950	950	1,706	756
<b>TOTAL REVENUES</b>	<b>1,101</b>	<b>1,101</b>	<b>1,896</b>	<b>796</b>
<b>EXPENDITURES:</b>				
Current:				
Public Works	463	758	137	621
Capital Outlay	5,049	4,961	397	4,564
<b>TOTAL EXPENDITURES</b>	<b>5,512</b>	<b>5,719</b>	<b>534</b>	<b>5,185</b>
<b>EXCESS OF REVENUES OVER (UNDER)</b>	<b>(4,411)</b>	<b>(4,618)</b>	<b>1,362</b>	<b>5,980</b>
<b>EXPENDITURES</b>				
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	150	150	23	(127)
Transfers Out	(110)	(110)	(12)	98
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>40</b>	<b>40</b>	<b>11</b>	<b>(29)</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER</b>	<b>(4,411)</b>	<b>(4,578)</b>	<b>1,373</b>	<b>5,951</b>
<b>(UNDER) EXPENDITURES AND OTHER USES</b>	<b>7,612</b>	<b>7,612</b>	<b>7,612</b>	<b>-</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>\$ 3,201</b>	<b>\$ 3,034</b>	<b>\$ 8,985</b>	<b>\$ 5,951</b>
<b>FUND BALANCE - END OF YEAR</b>				

CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)  
(continued)

Fourth of July

REVENUES:	Original Budget	Final Budget	Actual	Variance
From Use of Money and Property	\$ 2	\$ 2	\$ 27	\$ 25
Charges for Current Service	-	-	152	152
Other	260	260	179	(81)
<b>TOTAL REVENUES</b>	<b>262</b>	<b>262</b>	<b>358</b>	<b>96</b>
<b>EXPENDITURES:</b>				
Current:				
Community Services	187	355	321	34
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>75</b>	<b>(93)</b>	<b>37</b>	<b>129</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	(55)	(55)	(55)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(55)</b>	<b>(55)</b>	<b>(55)</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>75</b>	<b>(148)</b>	<b>(18)</b>	<b>129</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>138</b>	<b>138</b>	<b>138</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 213</b>	<b>\$ (10)</b>	<b>\$ 120</b>	<b>\$ 129</b>

Special Library

REVENUES:	Original Budget	Final Budget	Actual	Variance
From Use of Money and Property	\$ 408	\$ 408	\$ 427	19
Charges for Current Service	860	860	650	(210)
Other	285	285	97	(188)
<b>TOTAL REVENUES</b>	<b>1,553</b>	<b>1,553</b>	<b>1,174</b>	<b>(379)</b>
<b>EXPENDITURES:</b>				
Current:				
Library Services	1,312	1,271	1,118	153
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>241</b>	<b>282</b>	<b>56</b>	<b>(226)</b>
Transfers Out	(494)	(494)	(465)	29
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(253)</b>	<b>(212)</b>	<b>(409)</b>	<b>(197)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>1,518</b>	<b>1,518</b>	<b>1,518</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,265</b>	<b>\$ 1,306</b>	<b>\$ 1,109</b>	<b>\$ (197)</b>

CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)  
(continued)

Cultural Affairs

REVENUES:	Original Budget	Final Budget	Actual	Variance
From Use of Money and Property	\$ 14	\$ 14	\$ 8	\$ (6)
Charges for Current Service	135	135	200	65
Other	75	75	46	(29)
<b>TOTAL REVENUES</b>	<b>224</b>	<b>224</b>	<b>254</b>	<b>30</b>
<b>EXPENDITURES:</b>				
Current:				
Community Services	459	375	371	4
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(235)</b>	<b>(151)</b>	<b>(117)</b>	<b>34</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	85	85	105	20
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(150)</b>	<b>(66)</b>	<b>(12)</b>	<b>54</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>136</b>	<b>136</b>	<b>136</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ (14)</b>	<b>\$ 70</b>	<b>\$ 124</b>	<b>\$ 54</b>

Park Acquisition and Development

REVENUES:	Original Budget	Final Budget	Actual	Variance
From Use of Money and Property	\$ 49	\$ 49	\$ 58	\$ 9
From Other Agencies	1,830	1,830	515	(1,315)
Charges for Current Service	536	536	1,088	552
Other	50	50	75	25
<b>TOTAL REVENUES</b>	<b>2,465</b>	<b>2,465</b>	<b>1,736</b>	<b>(729)</b>
<b>EXPENDITURES:</b>				
Current:				
Community Services	930	775	277	498
Capital Outlay	797	4,759	117	4,642
<b>TOTAL EXPENDITURES</b>	<b>1,727</b>	<b>5,534</b>	<b>394</b>	<b>5,140</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>738</b>	<b>(3,069)</b>	<b>1,342</b>	<b>4,411</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	580	580	580	-
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>1,318</b>	<b>(2,489)</b>	<b>1,922</b>	<b>4,411</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>2,506</b>	<b>2,506</b>	<b>2,506</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 3,824</b>	<b>\$ 17</b>	<b>\$ 4,428</b>	<b>\$ 4,411</b>

CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)  
(continued)

**Property Tax Refund**

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
From Use of Money and Property	\$ 44	\$ 44	\$ 82	\$ 38
<b>EXPENDITURES:</b>				
Current:				
City Administrator	496	496	335	161
Non-Departmental	110	110	112	(2)
Debt Service:				
Principal	255	255	255	-
Interest	394	394	425	(31)
<b>TOTAL EXPENDITURES</b>	<b>1,255</b>	<b>1,255</b>	<b>1,127</b>	<b>128</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(1,211)</b>	<b>(1,211)</b>	<b>(1,045)</b>	<b>166</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	-	-	598	598
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>(1,211)</b>	<b>(1,211)</b>	<b>(447)</b>	<b>764</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>4,369</b>	<b>4,369</b>	<b>4,369</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 3,158</b>	<b>\$ 3,158</b>	<b>\$ 3,922</b>	<b>\$ 764</b>

**Capital Improvement**

	Original Budget	Final Budget	Actual	Variance
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers Out	\$ -	\$ (359)	\$ (359)	-
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>359</b>	<b>359</b>	<b>359</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 359</b>	<b>\$ -</b>	<b>\$ -</b>	<b>-</b>

**Holly Seacliff**

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
From Use of Money and Property	\$ 12	\$ 12	\$ 14	\$ 2
<b>EXPENDITURES:</b>				
Capital Outlay	530	530	513	17
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(518)</b>	<b>(518)</b>	<b>(499)</b>	<b>19</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>680</b>	<b>680</b>	<b>680</b>	<b>-</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 162</b>	<b>\$ 162</b>	<b>\$ 181</b>	<b>\$ 19</b>

CITY OF HUNTINGTON BEACH  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
NON-MAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)  
(continued)

Parking in-Lieu

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES:</b>				
From Use of Money and Property	\$ 11	\$ 11	\$ 48	\$ 37
<b>EXPENDITURES:</b>				
Current:				
Economic Development	250	250	-	250
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(239)	(239)	48	(213)
<b>FUND BALANCE - BEGINNING OF YEAR</b>	333	333	333	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ 94</u>	<u>\$ 94</u>	<u>\$ 381</u>	<u>\$ 286</u>

Sewer Development

	Original Budget	Budget	Actual	Variance
<b>REVENUES:</b>				
Licenses and Permits	\$ -	\$ -	\$ 14	\$ 14
From Other Agencies	-	-	10	10
Charges for Current Service	200	200	127	(73)
Other	-	-	522	522
<b>TOTAL REVENUES</b>	<u>200</u>	<u>200</u>	<u>673</u>	<u>473</u>
<b>EXPENDITURES:</b>				
Current:				
Public Works	-	-	20	(20)
Capital Outlay	242	242	180	62
<b>TOTAL EXPENDITURES</b>	<u>242</u>	<u>242</u>	<u>200</u>	<u>42</u>
<b>EXCESS OF REVENUES OVER (UNDER)</b>				
<b>EXPENDITURES</b>	(42)	(42)	473	515
<b>FUND BALANCE - BEGINNING OF YEAR</b>	(108)	(108)	(108)	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ (150)</u>	<u>\$ (150)</u>	<u>\$ 365</u>	<u>\$ 515</u>

Infrastructure

	Original Budget	Budget	Actual	Variance
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers In	\$ -	\$ 65	\$ 65	\$ -
<b>FUND BALANCE - BEGINNING OF YEAR</b>	-	-	-	-
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 65</u>	<u>\$ 65</u>	<u>\$ -</u>

## Non-Major Enterprise Funds

**Enterprise Funds** account for operations similar to private businesses. The City's intent is to recover the costs to the general public through user charges or where the City wished to periodically determine net income.

- The **Emerald Cove Housing Fund** accounts for the operations of a senior-citizens apartment complex.
- The **Emergency Fire Medical Fund** accounts for the user-fee portion of the City's paramedic service.
- The **Hazmat Service Fund** accounts for user fees charged for City's hazardous material program.
- The **Ocean View Estates Fund** accounts for the operation of the Ocean View Estates Mobile Home Park owned by the City

**CITY OF HUNTINGTON BEACH**  
**COMBINING STATEMENT OF NET ASSETS**  
**NON-MAJOR ENTERPRISE FUNDS**  
**SEPTEMBER 30, 2005**  
(In Thousands)

	<b>Emerald Cove Housing</b>	<b>Emergency Fire Medical</b>	<b>Hazmat Service</b>	<b>Ocean View Estates</b>	<b>Total</b>
<b>ASSETS</b>					
<b>CURRENT ASSETS:</b>					
Cash and Investments	\$ 2,587	\$ 1,469	\$ 231	\$ 1,313	\$ 5,600
Other Receivables	21	1,164	18	10	1,213
<b>TOTAL CURRENT ASSETS</b>	<b>2,608</b>	<b>2,633</b>	<b>249</b>	<b>1,323</b>	<b>6,813</b>
<b>CAPITAL ASSETS:</b>					
Land	1,289	-	-	2,644	3,933
Buildings	4,102	-	-	560	4,662
Machinery and Equipment	-	1,154	-	-	1,154
Less Accumulated Depreciation	(1,641)	(406)	-	(67)	(2,114)
<b>TOTAL CAPITAL ASSETS</b>	<b>3,750</b>	<b>748</b>	<b>-</b>	<b>3,137</b>	<b>7,635</b>
<b>TOTAL ASSETS</b>	<b>6,358</b>	<b>3,381</b>	<b>249</b>	<b>4,460</b>	<b>14,448</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>CURRENT LIABILITIES:</b>					
Accounts Payable	42	192	-	-	234
Accrued Payroll	-	52	3	1	56
Deposits Payable	58	1	-	10	69
<b>TOTAL CURRENT LIABILITIES</b>	<b>100</b>	<b>245</b>	<b>3</b>	<b>11</b>	<b>359</b>
<b>NON-CURRENT LIABILITIES:</b>					
Compensated Absences	-	84	10	-	94
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>-</b>	<b>84</b>	<b>10</b>	<b>-</b>	<b>94</b>
<b>TOTAL LIABILITIES</b>	<b>100</b>	<b>329</b>	<b>13</b>	<b>11</b>	<b>453</b>
<b>NET ASSETS:</b>					
Invested in Capital Assets, Net of Related Debt	3,750	748	-	3,137	7,635
Unrestricted	2,508	2,304	236	1,312	6,360
<b>TOTAL NET ASSETS</b>	<b>\$ 6,258</b>	<b>\$ 3,052</b>	<b>\$ 236</b>	<b>\$ 4,449</b>	<b>\$ 13,995</b>



CITY OF HUNTINGTON BEACH  
COMBINING STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET ASSETS  
NON-MAJOR ENTERPRISE FUNDS  
SEPTEMBER 30, 2005  
(In Thousands)

	<b>Emerald Cove Housing</b>	<b>Emergency Fire Medical</b>	<b>Hazmat Service</b>	<b>Ocean View Estates</b>	<b>Total</b>
<b>OPERATING REVENUES:</b>					
Rentals	\$ 866	\$ -	\$ -	\$ 263	\$ 1,129
Fees for Service	-	5,725	110	-	5,835
<b>TOTAL OPERATING REVENUES</b>	<b>866</b>	<b>5,725</b>	<b>110</b>	<b>263</b>	<b>6,964</b>
<b>OPERATING EXPENSES:</b>					
Supplies and Operations	317	5,279	141	107	5,844
Depreciation	82	218		11	311
<b>TOTAL OPERATING EXPENSES</b>	<b>399</b>	<b>5,497</b>	<b>141</b>	<b>118</b>	<b>6,155</b>
<b>OPERATING INCOME (LOSS)</b>	<b>467</b>	<b>228</b>	<b>(31)</b>	<b>145</b>	<b>809</b>
<b>NON-OPERATING REVENUES (EXPENSES):</b>					
Interest Income	52	13	7	37	109
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	<b>52</b>	<b>13</b>	<b>7</b>	<b>37</b>	<b>109</b>
<b>CHANGE IN NET ASSETS BEFORE OPERATING TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>519</b>	<b>241</b>	<b>(24)</b>	<b>182</b>	<b>918</b>
<b>TRANSFERS AND CAPITAL CONTRIBUTIONS:</b>					
Transfers In	-	489	-	-	489
Transfers Out	(283)	(181)	(13)	-	(477)
<b>TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS</b>	<b>(283)</b>	<b>308</b>	<b>(13)</b>	<b>-</b>	<b>12</b>
<b>TOTAL CHANGE IN NET ASSETS</b>	<b>236</b>	<b>549</b>	<b>(37)</b>	<b>182</b>	<b>930</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>6,022</b>	<b>2,503</b>	<b>273</b>	<b>4,267</b>	<b>13,065</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 6,258</b>	<b>\$ 3,052</b>	<b>\$ 236</b>	<b>\$ 4,449</b>	<b>\$ 13,995</b>

CITY OF HUNTINGTON BEACH  
STATEMENT OF CASH FLOWS  
NON-MAJOR ENTERPRISE FUNDS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2005  
(In Thousands)

	<b>Emerald Cove Housing</b>	<b>Emergency Fire Medical</b>	<b>Hazmat Service</b>	<b>Ocean View Estates</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers and Users	\$ 864	\$ 5,914	\$ 106	\$ 266	\$ 7,150
Cash Paid to Employees for Services	-	(2,818)	(17)	(108)	(2,943)
Cash Paid to Suppliers of Goods and Services	(275)	(2,330)	(133)	-	(2,738)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>589</b>	<b>766</b>	<b>(44)</b>	<b>158</b>	<b>1,469</b>
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers In	-	489	-	-	489
Transfers Out	(283)	(181)	(13)	-	(477)
<b>Net Cash Provided (Used) by Non Capital Financing Activities</b>	<b>(283)</b>	<b>308</b>	<b>(13)</b>	<b>-</b>	<b>12</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Purchase of Plant, Property, and Equipment	-	(235)	-	-	(235)
<b>Activities</b>	<b>-</b>	<b>(235)</b>	<b>-</b>	<b>-</b>	<b>(235)</b>
<b>Cash Flows from Investing Activities</b>					
Cash Received from Investments	52	13	7	37	109
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>358</b>	<b>852</b>	<b>(50)</b>	<b>195</b>	<b>1,355</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>2,229</b>	<b>617</b>	<b>281</b>	<b>1,118</b>	<b>4,245</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 2,587</b>	<b>\$ 1,469</b>	<b>\$ 231</b>	<b>\$ 1,313</b>	<b>\$ 5,600</b>
<b>Reconciliation of Operating Income to Net Cash provided (used) by Operating Activities</b>					
Operating Income (Loss)	\$ 467	\$ 228	\$ (31)	\$ 145	\$ 809
<b>Adjustments to Reconcile Operating income to Net Cash Provided (Used) by Operating Activities</b>					
Depreciation	82	218	-	11	311
Decrease (Increase) in Accounts Receivable	(11)	249	(4)	(8)	226
Increase (Decrease) in Accounts Payable	42	69	-	-	111
Increase (Decrease) in Accrued Payroll	-	10	-	-	10
Increase (Decrease) in Deposits	9	-	-	10	19
Increase (Decrease) in Compensated Absences	-	(8)	(9)	-	(17)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 589</b>	<b>\$ 766</b>	<b>\$ (44)</b>	<b>\$ 158</b>	<b>\$ 1,469</b>

## Fiduciary Funds

***Fiduciary Funds*** account for assets held by the City as an agent for other organizations or individuals.

- The **General Deposit Fund** accounts for the deposit of general monies held by the City for private individuals and business
- The **Community Facilities Districts Fund** accounts for the debt service activity of the City's community facilities district
- The **Huntington Beach Auto Business Improvement District Fund** accounts for the activities of the City's business improvement district.
- The **Central Net Fund** accounts for the activity of the Central Net Operations Authority.
- The **Retiree Medical Insurance Fund** accounts for the City's medical retirement program.

CITY OF HUNTINGTON BEACH  
STATEMENT OF FIDUCIARY FUND NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2005

Agency Funds						
	General Deposit	Community Facilities Districts	Business Improvement Districts	Central Net Operations Authority	Retiree Medical Insurance	Total Agency Funds
<b>Assets:</b>						
Cash and Investments - Local						
Agency Investment Fund	\$ 2,010	\$ 950	\$ 103	\$ 1,674	\$ 4,796	\$ 9,533
Cash with Fiscal Agent	-	8,318	-	-	-	8,318
Accounts Receivable, Net	-	402	17	12	38	469
<b>Total Assets</b>	<b>2,010</b>	<b>9,670</b>	<b>120</b>	<b>1,686</b>	<b>4,834</b>	<b>18,320</b>
<b>Liabilities:</b>						
Accounts Payable	-	-	-	-	6	6
Due to Bondholders	-	9,670	-	-	-	9,670
Held for others	2,010	-	120	1,686	4,828	8,644
<b>Total Liabilities</b>	<b>\$ 2,010</b>	<b>\$ 9,670</b>	<b>\$ 120</b>	<b>\$ 1,686</b>	<b>\$ 4,834</b>	<b>\$ 18,320</b>

## Statistical Section

This part of the City of Huntington Beach's Comprehensive Annual Report provides detailed information to better understand the data presented within the financial statements, note disclosures, and required supplementary information.

<b>Financial Trends</b>
Contain trend information to aid the reader understand how the City's financial performance has changed over time
<b>Revenue Capacity</b>
Contain information to help the reader assess the City's most significant local revenue source, the property tax
<b>Debt Capacity</b>
Present information to assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future
<b>Demographic and Economic Information</b>
Offers information to help the reader understand the environment within which the City's financial activities take place
<b>Operating Information</b>
Contains service and infrastructure data to help the reader understand how the City's financial report relates to the services the City provides and the activities it performs

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in the 2002 fiscal year; schedules presenting government-wide information include information beginning in that year.

**City of Huntington Beach**  
**Net Assets by Component - Last Four Fiscal Years**  
(In Thousands)

	Fiscal Year Ending September 30,			
	2005	2004	2003	2002
<b>Governmental Activities</b>				
Investment in Capital Assets, Net of Related Debt	\$ 479,897	\$ 448,217	\$ 446,061	\$ 425,967
Restricted	39,227	61,051	51,261	42,417
Unrestricted	40,226	(9,278)	(12,924)	(10,745)
<b>Total Governmental Activities Net Assets</b>	<b>\$ 559,350</b>	<b>\$ 499,990</b>	<b>\$ 484,398</b>	<b>\$ 457,639</b>
<b>Business - Type Activities</b>				
Investment in Capital Assets, Net of Related Debt	\$ 102,068	\$ 92,890	\$ 88,884	\$ 79,781
Restricted	34,085	32,968	30,946	31,043
Unrestricted	41,563	33,664	25,671	23,236
<b>Total Business - Type Activities Net Assets</b>	<b>\$ 177,716</b>	<b>\$ 159,522</b>	<b>\$ 145,501</b>	<b>\$ 134,060</b>
<b>Primary Government</b>				
Investment in Capital Assets, Net of Related Debt	\$ 581,965	\$ 541,107	\$ 534,945	\$ 505,748
Restricted	73,312	94,019	82,207	73,460
Unrestricted	81,789	24,386	12,747	12,491
<b>Total Primary Government Net Assets</b>	<b>\$ 737,066</b>	<b>\$ 659,512</b>	<b>\$ 629,899</b>	<b>\$ 591,699</b>

**City of Huntington Beach**  
**Changes in Net Assets - Last Four Fiscal Years**  
(In Thousands)

	Fiscal Year Ending September 30,			
	2005	2004	2003	2002
<b>Expenses:</b>				
<b>Governmental Activities:</b>				
City Council	\$ 254	\$ 280	\$ 267	\$ 262
City Administrator	1,990	1,188	1,587	2,214
City Treasurer	1,568	1,541	1,341	1,160
City Attorney	2,852	2,775	2,899	3,634
City Clerk	685	717	559	698
Administrative Services	5,554	6,348	8,357	7,230
Finance	2,501	na	na	na
Planning	2,559	2,396	3,633	2,658
Building	3,321	2,858	3,045	3,101
Fire	23,365	20,000	19,490	19,361
Information Systems	6,806	6,423	4,401	4,464
Police	47,029	40,686	41,104	42,187
Economic Development	4,199	19,372	3,830	3,080
Community Services	13,693	15,735	9,989	12,440
Library Services	4,394	4,138	6,721	4,801
Public Works	33,018	30,277	25,386	28,237
Non-Departmental	12,024	4,054	25,604	19,725
Interest on Long-Term Debt	6,810	6,001	6,199	9,438
<b>Total Governmental Activities</b>	<b>172,622</b>	<b>164,789</b>	<b>164,412</b>	<b>164,690</b>
<b>Business-type Activities:</b>				
Water Utility	22,349	24,643	24,943	27,250
Sewer Service	5,924	4,042	3,775	2,419
Refuse Collection	9,826	9,806	9,681	9,178
Emerald Cove Housing	399	409	401	405
Emergency Fire Medical	5,497	5,605	3,765	3,172
Cultural Affairs	-	-	-	317
Hazmat Service	141	204	150	143
Ocean View Estates	118	62	58	11
<b>Total Business Type Activities</b>	<b>44,254</b>	<b>44,771</b>	<b>42,773</b>	<b>42,895</b>
<b>Total Business and Government Type Activities</b>	<b>216,876</b>	<b>209,560</b>	<b>207,185</b>	<b>207,585</b>

**City of Huntington Beach**  
**Changes in Net Assets - Last Four Fiscal Years**  
(In Thousands)  
(continued)

	<b>Fiscal Year Ending September 30,</b>			
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>
<b>Revenues:</b>				
<b>Governmental Activities:</b>				
Charges for Services	\$ 28,808	\$ 30,419	\$ 22,958	\$ 23,556
Operating Grants	1,657	6,343	1,736	5,063
Capital Grants	43,341	7,384	6,955	13,039
<b>Total Governmental Activities Program Revenue</b>	<b>73,806</b>	<b>44,146</b>	<b>31,649</b>	<b>41,658</b>
<b>Business- Type Activities Program Revenue</b>				
Water Utility	40,371	40,172	37,943	59,104
Sewer Service	8,512	6,373	5,876	4,540
Refuse Collection	9,985	10,412	9,123	9,182
Emerald Cove Housing	866	781	746	707
Emergency Fire Medical	5,725	5,650	4,103	4,103
Cultural Affairs	-	-	-	189
Hazmat Service	110	187	233	145
Ocean View Estates	263	258	245	192
<b>Total Business Type Activities</b>	<b>65,832</b>	<b>63,833</b>	<b>58,269</b>	<b>78,162</b>
<b>Total Primary Government Program Revenue</b>	<b>139,638</b>	<b>107,979</b>	<b>89,918</b>	<b>119,820</b>
<b>Net (Expense) Revenue:</b>				
Governmental Activities	(98,816)	(120,643)	(132,763)	(123,032)
Business-type Activities	21,578	19,062	15,496	35,267
<b>Total Net (Expense) Revenue</b>	<b>(77,238)</b>	<b>(101,581)</b>	<b>(117,267)</b>	<b>(87,765)</b>
<b>General Revenue and Other Changes in Net Assets</b>				
<b>Governmental Activities:</b>				
Property Taxes	61,466	47,405	40,633	38,106
Sales Taxes	24,340	28,273	28,011	23,449
Utility Taxes	20,004	19,424	18,310	18,114
Other Taxes	14,952	11,365	13,337	13,521
Use of Money and Property	3,137	3,528	9,923	13,895
From Other Agencies	8,186	14,406	16,414	20,359
Participation Payments	12,697	na	na	na
Other	8,510	7,328	5,491	2,603
<b>Total Governmental General Revenue</b>	<b>153,292</b>	<b>131,729</b>	<b>132,119</b>	<b>130,047</b>
<b>Business-Type Activities:</b>				
Use of Money and Property	1,500	1,085	1,482	2,240
<b>Total Business-Type Activities General Revenue</b>	<b>1,500</b>	<b>1,085</b>	<b>1,482</b>	<b>2,240</b>
<b>Total General Revenue and Transfers</b>	<b>154,792</b>	<b>132,814</b>	<b>133,601</b>	<b>132,287</b>
<b>Change in Net Assets</b>	<b>77,554</b>	<b>31,233</b>	<b>16,334</b>	<b>44,522</b>
Net Assets - Beginning of Year	659,512	629,899	607,633	563,111
Prior Period Adjustment	-	1,620	(5,932)	-
<b>Net Assets - Beginning of Year (Restated)</b>	<b>659,512</b>	<b>628,279</b>	<b>613,565</b>	<b>563,111</b>
<b>Net Assets - End of Year</b>	<b>\$ 737,066</b>	<b>\$ 659,512</b>	<b>\$ 629,899</b>	<b>\$ 607,633</b>

Source: Comprehensive Annual Financial Reports. The City implemented the new reporting model in fiscal year 2001-2002. Until 10 years of data are available, only the available years will be presented.

**THIS PAGE INTENTIONALLY LEFT BLANK**



**CITY OF HUNTINGTON BEACH**  
**FUND BALANCES - GOVERNMENTAL FUNDS - LAST TEN FISCAL YEARS**  
(In Thousands)  
**(Modified Accrual Basis of Accounting)**

	Fiscal Year Ending September 30,				
	2005	2004	2003 (a)	2002 (b)	2001
General Fund:					
Reserved	\$ 5,915	\$ 2,113	\$ 2,757	\$ 25,773	\$ 23,677
Unreserved	32,371	24,219	12,217	15,972	11,741
Total	<u>\$ 38,286</u>	<u>\$ 26,332</u>	<u>\$ 14,974</u>	<u>\$ 41,745</u>	<u>\$ 35,418</u>
Other Governmental Funds:					
Reserved	\$ 35,458	\$ 30,143	\$ 35,470	\$ 45,259	\$ 81,465
Unreserved, Reported in:					
Special Revenue Funds	17,833	11,810	10,399	7,967	21,698
Debt Service Funds	3,916	4,434	10,992	(33,364)	12,969
Capital Projects Funds	16,820	10,242	8,553	8,637	7,898
Total Other Governmental Funds	<u>\$ 74,027</u>	<u>\$ 56,629</u>	<u>\$ 65,414</u>	<u>\$ 28,499</u>	<u>\$ 124,030</u>

	Fiscal Year Ending September 30,				
	2000	1999	1998	1997	1996
General Fund:					
Reserved	\$ 26,115	\$ 23,628	\$ 23,807	\$ 23,358	\$ 28,069
Unreserved	17,618	19,291	8,998	11,142	591
Total	<u>\$ 43,733</u>	<u>\$ 42,919</u>	<u>\$ 32,805</u>	<u>\$ 34,500</u>	<u>\$ 28,660</u>
Other Governmental Funds:					
Reserved	\$ 72,056	\$ 61,401	\$ 58,634	\$ 54,676	\$ 64,716
Unreserved, Reported in:					
Special Revenue Funds	19,073	12,748	8,845	8,004	7,797
Debt Service Funds	-	-	9,567	9,442	1,952
Capital Projects Funds	11,793	4,968	9,933	10,465	10,704
Total Other Governmental Funds	<u>\$ 102,922</u>	<u>\$ 79,117</u>	<u>\$ 86,979</u>	<u>\$ 82,587</u>	<u>\$ 85,169</u>

**NOTES:**

- (a) In fiscal year 2002-2003, the City changed accounting for interfund advances and eliminated the advances to/from in each fund. This results in a smaller reserved fund balance in the General Fund and eliminates the deficit in the Redevelopment Agency Debt Service Fund.
- (b) Beginning with fiscal year 2001-2002, the City implemented the new reporting model which changed the way in which interfund advances were reported and resulted in a larger negative fund balance in the Redevelopment Agency Debt Service Fund.

**CITY OF HUNTINGTON BEACH  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS – LAST TEN FISCAL YEARS  
(In Thousands)  
(Modified Accrual Basis)**

	Fiscal Year Ending September 30,				
	2005 (d)	2004	2003	2002	2001
<b>REVENUES:</b>					
Property Taxes	\$ 59,716	\$ 43,501	\$ 38,983	\$ 33,204	\$ 36,860
Sales Taxes	24,340	28,273	28,011	23,449	28,082
Utility Taxes	20,004	19,424	18,310	18,014	17,045
Other Taxes	13,068	11,365	13,337	13,621	15,096
Licenses and Permits	7,457	7,736	8,045	7,162	6,902
Fines and Forfeitures	4,365	4,342	3,815	3,797	4,092
From Use of Money and Property	12,733	11,856	9,923	13,895	15,812
From Other Agencies	20,179	26,321	25,103	28,426	31,634
Charges for Current Service/Other Revenue	33,950	17,553	14,140	15,201	12,150
<b>TOTAL REVENUES</b>	<b>195,812</b>	<b>170,371</b>	<b>159,667</b>	<b>156,769</b>	<b>167,673</b>
<b>EXPENDITURES</b>					
<b>Current:</b>					
City Council	254	280	269	237	231
City Administrator	1,917	1,165	1,559	2,109	1,776
City Treasurer	1,547	1,519	1,377	1,108	916
City Attorney	2,848	2,771	2,836	3,570	2,943
City Clerk	679	712	555	676	559
Administrative Services	5,731	6,295	8,323	7,095	3,874
Finance	2,501	-	-	-	-
Community Development	-	-	-	-	-
Planning	2,548	2,382	2,544	2,585	2,329
Building	3,291	2,938	3,043	2,991	2,589
Fire	22,365	19,018	19,021	18,024	18,142
Information Systems	5,726	5,315	3,619	3,500	2,814
Police	45,778	39,414	41,184	37,990	39,081
Economic Development	2,866	5,132	3,616	3,073	2,816
Community Services	12,321	11,718	10,182	11,065	11,395
Library Services	3,969	3,745	4,215	4,350	4,265
Public Works	21,535	16,756	19,832	21,565	24,870
Non-Departmental	13,039	23,809	31,236	13,407	15,298
Capital Outlay	9,065	29,484	24,217	54,356	33,687
<b>Debt Service:</b>					
Principal	8,474	8,718	7,427	5,541	11,884
Interest	5,999	5,987	6,273	7,152	16,204
<b>TOTAL EXPENDITURES</b>	<b>172,453</b>	<b>187,158</b>	<b>191,328</b>	<b>200,394</b>	<b>195,673</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>23,359</b>	<b>(16,787)</b>	<b>(31,661)</b>	<b>(43,625)</b>	<b>(28,000)</b>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	20,890	30,274	54,463	58,948	21,267
Proceeds of Bankruptcy Settlements	-	-	-	-	-
Reclassification of Interfund Advances	-	-	16,018	-	-
Capital Assets Reclassification for Changes in Fund Type	-	-	(1,743)	-	-
Payments to Escrow	-	-	-	(52,673)	-
Proceeds of Long-Term Debt	1,102	13,236	24,582	61,514	37,947
Transfers Out	(16,006)	(24,148)	(57,096)	(59,818)	(21,908)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>5,986</b>	<b>19,362</b>	<b>36,224</b>	<b>7,971</b>	<b>37,306</b>
<b>INCREASE (DECREASE) IN FUND BALANCES</b>	<b>\$ 29,345</b>	<b>\$ 2,575</b>	<b>\$ 4,563</b>	<b>\$ (35,654)</b>	<b>\$ 9,306</b>
 <b>DEBT SERVICE AS A PERCENTAGE OF NON-CAPITAL EXPENDITURES</b>	 <b>9.7%</b>	 <b>10.3%</b>	 <b>8.9%</b>	 <b>9.5%</b>	 <b>21.0%</b>

**NOTES:**

- (c) Community Development was reorganized into two separate departments (Planning and Building). Information Systems was recorded originally in the Non-departmental area and transferred to a new department.
- (d) Finance was originally with Administrative Services.

Fiscal Year Ending September 30,					
2000	1999 (c)	1998	1997	1996	
\$ 37,645	\$ 34,345	\$ 32,477	\$ 29,341	\$ 29,320	
26,268	22,699	21,156	19,512	18,555	
15,058	14,936	13,888	14,059	13,222	
10,868	11,122	9,851	8,632	8,102	
8,538	10,527	8,848	8,121	6,567	
4,018	2,744	2,649	2,707	2,134	
14,603	10,913	12,614	12,971	14,291	
32,021	24,753	21,539	19,810	18,171	
15,847	14,071	13,945	11,191	16,708	
<b>164,866</b>	<b>146,110</b>	<b>136,967</b>	<b>126,344</b>	<b>127,070</b>	
277	275	207	233	224	
1,799	1,569	1,092	1,856	2,140	
884	820	805	781	743	
2,227	1,969	2,340	1,738	1,466	
451	474	434	470	488	
3,559	2,876	3,056	4,028	4,181	
-	-	-	-	-	
-	4,067	3,919	3,694	3,252	
2,180	-	-	-	-	
2,384	-	-	-	-	
17,471	15,639	16,368	15,806	14,747	
36,140	34,343	34,127	33,413	32,650	
6,749	3,598	3,452	2,142	3,010	
9,815	8,439	7,723	7,301	7,535	
3,984	3,510	3,212	3,034	2,951	
25,263	18,287	18,686	17,159	16,297	
18,572	12,929	14,919	9,867	9,399	
18,740	20,739	15,894	13,833	9,823	
6,333	12,111	2,313	2,340	2,966	
14,965	16,654	9,648	10,189	11,261	
<b>171,793</b>	<b>158,299</b>	<b>138,195</b>	<b>127,884</b>	<b>123,133</b>	
<b>(6,927)</b>	<b>(12,189)</b>	<b>(1,228)</b>	<b>(1,540)</b>	<b>3,937</b>	
30,529	7,794	12,494	14,820	9,203	
3,833	-	-	-	-	
-	-	-	-	-	
-	-	-	-	-	
-	(10,001)	-	-	-	
30,110	25,684	1,179	9,977	3,603	
(32,958)	(9,053)	(12,852)	(20,924)	(9,716)	
<b>31,514</b>	<b>14,424</b>	<b>821</b>	<b>3,873</b>	<b>3,090</b>	
<b>\$ 24,587</b>	<b>\$ 2,235</b>	<b>\$ (407)</b>	<b>\$ 2,333</b>	<b>\$ 7,027</b>	
<b>16.2%</b>	<b>26.4%</b>	<b>10.8%</b>	<b>12.3%</b>	<b>14.4%</b>	

**CITY OF HUNTINGTON BEACH  
 ASSESSED AND ACTUAL VALUATION  
 OF ALL TAXABLE PROPERTY (EXCLUDING REDEVELOPMENT AGENCY)  
 LAST TEN FISCAL YEARS  
 (In Thousands)**

<b>Fiscal Year</b>	<b>Common Property</b>	<b>Public Utilities</b>	<b>Total Secured</b>	<b>Unsecured</b>	<b>Total Assessed Valuation</b>	<b>Total Direct Tax Rate</b>
1995-1996	\$ 11,817,571	\$ 2,218	\$ 11,819,789	\$ 538,559	\$ 12,358,348	\$ 1.05921
1996-1997	11,707,410	1,899	11,709,309	600,667	12,309,976	1.05832
1997-1998	12,311,145	1,800	12,312,945	546,050	12,858,995	1.05830
1998-1999	13,376,116	2,705	13,378,821	598,733	13,977,554	1.05840
1999-2000	13,386,740	1,670	13,388,410	581,160	13,969,570	1.05810
2000-2001	15,796,157	2,745	15,798,902	674,719	16,473,621	1.05810
2001-2002	16,081,760	2,449	16,084,209	699,307	16,783,516	1.00770
2002-2003	17,949,445	2,428	17,951,873	820,219	18,772,092	1.01902
2003-2004	17,987,861	2,876	17,990,737	911,027	18,901,764	1.02571
2004-2005	19,532,238	3,524	19,535,762	877,078	20,412,840	1.06575

Source: County of Orange Auditor Controller

**PROPERTY TAX RATES  
 ALL DIRECT AND  
 OVERLAPPING GOVERNMENTS  
 TAX RATE 04-001  
 LARGEST AREA IN CITY**

<b>Year</b>	<b>Basic Levy</b>	<b>City</b>	<b>Orange County</b>	<b>School Districts</b>	<b>Metro Water District</b>	<b>Others</b>	<b>Total</b>
1995-1996	\$ 1.00000	\$ 0.04930	\$ 0.00050	\$ 0.00033	\$ 0.00890	\$ 0.00018	\$ 1.05921
1996-1997	1.00000	0.04930	0.00012	-	0.00890	-	1.05832
1997-1998	1.00000	0.04930	0.00010	-	0.00890	-	1.05830
1998-1999	1.00000	0.04930	0.00020	-	0.00890	-	1.05840
1999-2000	1.00000	0.04930	-	-	0.00880	-	1.05810
2000-2001	1.00000	0.04930	-	-	0.00880	-	1.05810
2001-2002	1.00000	-	-	-	0.00770	-	1.00770
2002-2003	1.00000	-	-	0.01232	0.00670	-	1.01902
2003-2004	1.00000	0.00696	-	0.01214	0.00610	0.00051	1.02571
2004-2005	1.00000	0.00696	-	0.02850	0.00520	0.02509	1.06575

**Note** - Rates are per \$100 of assessed valuation

Source: County of Orange Auditor Controller

**CITY OF HUNTINGTON BEACH  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(In Thousands)**

	<b>SECURED TAXES</b>				<b>UNSECURED TAXES</b>			
	<b>TOTAL LEVY</b>	<b>TOTAL COLLECTIONS</b>	<b>DELINQUENCY AMOUNT</b>	<b>DELINQUENCY PERCENT</b>	<b>TOTAL LEVY</b>	<b>TOTAL COLLECTIONS</b>	<b>DELINQUENCY AMOUNT</b>	<b>DELINQUENCY PERCENT</b>
1995-96	\$ 16,272	\$ 16,100	\$ 647	3.86%	\$ 1,165	\$ 1,138	\$ 27	2.32%
1996-97	16,722	16,401	320	1.91%	1,102	1,085	17	1.60%
1997-98	17,630	17,176	272	1.54%	1,247	1,077	40	3.21%
1998-99	18,341	17,868	262	1.47%	1,243	1,146	35	3.05%
1999-2000	21,001	20,676	284	1.35%	1,321	1,231	29	2.20%
2000-2001	22,724	22,035	629	2.77%	1,348	1,267	33	2.45%
2001-2002	24,581	24,238	343	1.40%	1,419	1,366	53	3.74%
2002-2003	26,376	25,937	362	1.37%	1,467	1,343	82	5.59%
2003-2004	29,423	28,669	293	1.00%	1,507	1,382	35	2.32%
2004-2005	31,849	48,750	411	1.29%	1,606	1,473	42	2.62%

**RESERVOIR HILL**

**COMMUNITY FACILITIES DISTRICTS**

1995-96	\$ 186	\$ 176	\$ 9	5.11%	\$ 264	\$ 239	\$ 25	10.46%
1996-97	182	179	3	1.68%	264	251	13	5.18%
1997-98	173	184	9	4.89%	264	255	9	3.53%
1998-99	194	184	9	4.89%	264	255	8	3.14%
1999-2000	184	181	3	1.63%	264	259	5	1.89%
2000-2001	184	180	4	2.17%	264	258	5	1.89%
2001-2002	188	184	4	2.13%	264	258	6	2.27%
2002-2003	191	188	3	1.57%	538	538	1	0.19%
2003-2004	191	192	-	0.00%	1,796	1,789	2	0.11%
2004-2005	238	234	7	2.94%	1,731	1,722	5	0.29%

Source: County of Orange Auditor Controller's Office

Note- Delinquency amount does not always equal levy amount minus collections amount since there are always amounts collected from prior years

**TOP TEN PROPERTY TAXPAYERS  
FOR FISCAL YEAR 2004/05**

	<b>Revenue (In Thousands)</b>	<b>Percent of Total</b>
Mayer Financial Limited Partnership	\$ 1,765	4.21%
Mc Donnel Douglas Corporation/Boeing Corporation	798	1.90%
PLC Waterfront LLC	450	1.07%
Huntington Center Associates	437	1.04%
Waterfront Construction 1	369	0.88%
Mullrock 1 Beach Pointe LLC	324	0.77%
Essex Huntington Breakers	288	0.69%
Pierside Pavilion LLC	264	0.63%
Atlanta Huntington Beach LLC	234	0.56%
First Huntington Center	215	0.51%
<b>Total Top Ten</b>	<b>5,144</b>	<b>12.26%</b>
All Other Properties	36,786	87.74%
<b>City Total</b>	<b>\$ 41,930</b>	<b>100.00%</b>

Source: HdL Coren & Cone

**CITY OF HUNTINGTON BEACH**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**

	Fiscal Year Ending September 30,					Fiscal Year Ending September 30,				
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Long-Term Indebtedness</b>										
<b>Governmental Activities:</b>										
Judgement Obligation Bonds	\$ 12,245	\$ 12,500								
Public Financing Authority:		-	-	-	20,460	20,885	21,275	30,860	31,360	31,840
Revenue and Lease Revenue Bonds	58,030	60,840	63,535	66,125	37,940	7,020	7,440	7,840	8,070	-
Certificates of Participation	15,525	16,140	16,730	17,295	17,840	18,310	-			
Public Facilities Corporation	-	-	-	-	-	-		-	-	385
Leasehold Mortgage Bonds										
Civic Improvement Corporation:	-	-	-	-	29,750	30,880	31,955	32,980	33,960	34,900
Refunding Certificates of Participation	-	-	360	415	605	815	1,030	1,090	1,145	1,200
Assessment Bonds										
Redevelopment Agency:										
Tax Allocation Bonds	27,205	28,305	29,375	30,370	9,770	10,060	10,340	-	-	-
Disposition and Development Agreement	10,083	10,730	10,549	11,280	4,756	9,770	10,142	-	-	-
Notes Payable	116	337	545	1,035	1,272	1,566	759	810	862	606
Section 108 Loan	7,550	7,850	7,630	7,890	8,130	8,355	-			
Capital Leases Payable	3,461	4,885	6,420	4,107	2,007	155	-	-	-	387
Claims Payable	14,545	11,937	37,191	12,612	10,177	9,743	9,982	11,774	11,761	11,372
Compensated Absences Payable	9,045	8,037	8,223	8,950	8,075	6,135	5,463	5,323	4,977	5,014
Pension Benefit Obligation	7,640	8,409	8,342	8,593	8,337	8,150	7,255	6,271	5,592	-
<b>Business Activities:</b>										
Emerald Cove Certificates of Participation	-	-	-	-	-	-	5,105	5,205	5,300	5,390
Capital Leases	112	183	250	595	432	1,550	1,633	2,215	993	896
Compensated Absences	786	710	623	491	472	457	383	375	333	266
	<b>\$ 166,343</b>	<b>\$ 170,863</b>	<b>\$ 189,773</b>	<b>\$ 169,758</b>	<b>\$ 160,023</b>	<b>\$ 133,851</b>	<b>\$ 112,762</b>	<b>\$ 104,743</b>	<b>\$ 104,353</b>	<b>\$ 92,256</b>
	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999 (c.)</b>	<b>1998</b>	<b>1997</b>	<b>1996</b>
Population	200,763	199,025	196,954	194,600	191,500	199,327	196,660	192,430	188,518	153,254
Debt Per-Capita	\$ 829	\$ 859	\$ 964	\$ 872	\$ 836	\$ 672	\$ 573	\$ 544	\$ 554	\$ 602
Total Personal Income (In Thousands)	\$ 7,311,186	\$ 7,247,893	\$ 7,444,861							
Per - Capita Personal Income	36,417	\$ 36,417	\$ 37,800							
Unemployment Rate	2.40%	2.70%	2.60%							

**NOTE:**

Information on personal income is not readily available for year 2002 and earlier. Until data is readily available, only the available years will be presented.

**CITY OF HUNTINGTON BEACH  
LEGAL DEBT MARGIN  
LAST TEN FISCAL YEARS  
(In Thousands)**

	<b>Assessed Valuation</b>	<b>Debt Limit - 12% of Assessed Valuation</b>	<b>Debt Applicable to Limit</b>	<b>Legal Debt Margin</b>
1995-96	12,358,348	1,483,002	-	1,483,002
1996-97	12,309,976	1,477,197	-	1,477,197
1997-98	12,858,995	1,543,079	-	1,543,079
1998-99	13,977,554	1,677,306	-	1,677,306
1999-2000	13,969,570	1,676,348	-	1,676,348
2000-2001	16,473,621	1,976,835	-	1,976,835
2001-2002	16,783,516	2,014,022	-	2,014,022
2002-2003	18,772,092	2,252,651	-	2,252,651
2003-2004	18,901,764	2,268,212	-	2,268,212
2004-2005	20,412,840	2,449,541	-	2,449,541

**PRINCIPAL PRIVATE EMPLOYERS  
CURRENT YEAR AND ONE YEAR AGO <sup>(a)</sup>**

	<b>2005 <sup>(b)</sup></b>	<b>% of total</b>	<b>2004</b>	<b>% of total</b>
Boeing	4,282	3.59%	4,800	4.02%
Quiksilver	1,550	1.30%	1,600	1.34%
Cambo Manufacturing	886	0.74%	886	0.74%
Dynamic Cooking Systems	706	0.59%	700	0.59%
Triad Financial	637	0.53%	637	0.53%
E-Trade Mortgage	554	0.46%	561	0.47%
C & D Aerospace	554	0.46%	665	0.56%
Huntington Beach Hospital	513	0.43%	513	0.43%
Rainbow Disposal	408	0.34%	420	0.35%
Verizon	556	0.47%	352	0.30%
<b>Total of top 10</b>	<b>10,646</b>	<b>8.92%</b>	<b>11,134</b>	<b>9.33%</b>
all others	108,654	91.08%	108,166	90.67%
<b>Total employment (public and private)</b>	<b>119,300</b>	<b>100.00%</b>	<b>119,300</b>	<b>100.00%</b>

Source - Economic Development Department, City of Huntington Beach

(a) The information for 1996 is not readily available. Until data is readily available, only the available years will be presented.

(b) Total employment number for 2005 is not readily available, as a result, 2004 total was used.

**CITY OF HUNTINGTON BEACH**  
**FULL-TIME BUDGETED CITY EMPLOYEES BY FUNCTION/PROGRAM**

General Government:	2005	2004	2003	2002	2001
City Council	1.00	1.00	1.00	1.00	1.00
City Administrator	29.00	7.00	13.00	17.00	17.00
City Treasurer	16.00	16.00	16.00	16.00	16.00
City Attorney	17.00	15.00	14.00	16.00	16.00
City Clerk	7.50	7.50	8.00	8.00	8.00
Finance Office	23.00	-	-	-	-
Administrative Services	0.00	47.00	49.00	53.50	50.50
Planning	27.50	25.00	26.00	28.00	28.00
Building	30.50	27.50	27.50	27.50	25.50
Information Systems	36.00	37.00	18.50	18.25	15.25
Economic Development	14.00	11.00	12.00	15.00	15.00
Library Services	37.25	38.25	40.25	45.75	45.75
Fire	157.00	156.50	162.00	166.00	165.00
Police	371.50	366.00	379.00	388.00	388.00
Community Services:	64.50	62.25	67.50	71.50	71.50
Public Works	240.00	231.00	264.00	270.00	263.00
	<b>1,071.75</b>	<b>1,048.00</b>	<b>1,097.75</b>	<b>1,141.50</b>	<b>1,125.50</b>

OPERATING INDICATORS BY FUNCTION/ACTIVITY		
Function/Program	2005	2004
City Treasurer:		
Water Bills Processed	586,000	632,868
Business Licenses Issued	20,184	19,515
Accounts Receivable Billings Processed	22,768	27,044
City Clerk:		
Passports Issued	3,676	3,795
Planning		
Entitlements Processed	523	572
Plan Reviews	2,296	1,414
Field Inspection Complaints	5,550	3,857
Code Violation Cases	3,906	2,018
Building:		
# of Permits Issued	49,737	45,629
Value of Construction Permits	3,253	3,211
Processed # of Certificate of Occupancies	683	647
Automated Information Requests	78,868	81,141
Fire:		
Inspections	4,100	4,000
Responses	12,100	12,800
Police:		
Physical Arrests	5,282	5,942
Parking Violations	112,698	79,235
Traffic Violations	25,902	24,467
Community Services:		
Acreage of Parks	998	
Estimated Beach Visitors	8,727,369	7,958,466
Enrollment in Recreation Classes	22,346	22,670
Public Works:		
Water Sold (Acre Feet)	29,730	32,147
Gallons of Sewage Pumped Per Day	23 million	23 million
Library:		
Volumes in Collection	441,523	439,789
Volumes Borrowed	931,347	1,200,000

CAPITAL ASSET STATISTICS BY FUNCTION/ACTIVITY	
Library Services	One Main Library and Four Branches
Fire:	
Fire Stations	8
Police:	
Stations	One Main Station and Two Substations
Community Services:	
Acreage of Parks	955
Community Centers	4
Miles of Beach Maintained	3.5
Public Works:	
Centerline Square Miles of Streets Maintained	467.7
Miles of Storm Drains Maintained	137
Miles of Sewer Maintained	355



**CITY OF HUNTINGTON BEACH  
STATEMENT OF DIRECT AND  
OVERLAPPING BONDED DEBT  
SEPTEMBER 30, 2005**

2004-2005 Assessed Valuation \$20,680,318,348 (after deducting \$1,006,231,024) of incremental redevelopment valuation)

	<b>Percent Applicable</b>	<b>Debt</b>
<b>Debt Repaid with Property Taxes (Tax and Assessment Debt):</b>		
<b>Tax Debt:</b>		
Orange County Teeter Plan Obligations	7.37%	\$ 9,121,007
Metropolitan Water District	1.57%	6,525,708
Coast Community College District	31.24%	32,086,292
Huntington Beach City School District	97.67%	29,877,157
Huntington Beach Union High School District	76.58%	133,599,780
Los Alamitos Unified School District Comm Facilities Dist. 1990-1	1.27%	154,131
City of Huntington Beach Community Facilities District 1990-1	100.00%	1,915,000
City of Huntington Beach Community Facilities District 2000-1	100.00%	15,500,000
City of Huntington Beach Community Facilities District 2003-1	100.00%	4,895,000
City of Huntington Beach Community Facilities District 2002-2	100.00%	25,000,000
<b>Tax and Assessment Debt</b>		<b>258,674,075</b>
<b>Other Debt</b>		
<b>Other Entities:</b>		
Orange County General Fund Obligations	7.37%	62,524,070
Orange County Pension Obligations	7.37%	7,351,085
Orange County Board of Education Certifictes of Participation	7.37%	1,467,028
Orange County Transit Authority	7.37%	182,088
MWDOC Facilities Corporation	8.79%	2,477,809
Orange County Sanitation District Certificates of Participation	10.11%	13,180,407
Coast Community College District Certificates of Participation	31.24%	2,247,502
Huntington Beach Union High School District Certificates of Participation	76.58%	13,018,430
Los Alamitos Unified School District Certificates of Participation	12.67%	212,399
Fountain Valley School Districts Certificates of Participation	29.04%	4,260,315
Huntington Beach City School District Certificates of Participation	97.67%	10,563,335
Ocean View School District Certificates of Participation	94.97%	8,932,305
Westminster School District Certificates of Participation	39.55%	7,220,035
City of Huntington Judgement Obligation Bonds	100.00%	12,245,000
City of Huntington Reporting Entity Beach General Fund Obligations:	100.00%	74,591,140
<b>Total Gross and Overlapping Bonded Debt Not Repaid by Property Taxes</b>		<b>220,472,948</b>
Less Self Supporting Debt of MWDOC and OCTA		(2,623,480)
<b>Total Net Direct and Overlapping General Fund Obligation Debt</b>		<b>217,849,468</b>
<b>Net Combined Total Debt</b>		<b>\$ 476,523,543</b>
 Gross Combined Total Debt		 <b>\$ 479,147,023</b>
 <b>Ratios to 2004-2005 Assessed Valuation</b>		
Ratios to Adjusted Assessed Valuation:	1.19%	
Combined Direct Debt (\$86,836,140)	4.20%	
Gross Combined Total Debt	2.32%	
Net Combined Total Debt	2.30%	

Source: California Municipal Statistics and City of Huntington Beach Finance Department

**THIS PAGE INTENTIONALLY LEFT BLANK**